CITY OF

BEDFORD

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending September 30, 2017

City of Bedford, Texas

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Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2017

Prepared By

Finance Department

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City of Bedford, Texas

Comprehensive Annual Financial Report
For the Year Ended September 30, 2017
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Introductory Section

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CITY of BEDFORD

2000 FOREST RIDGE DRIVE, BEDFORD, TEXAS 76021-1895

February 22, 2018

Citizens of Bedford, Honorable Mayor,
Members of the City Council and City Manager:

The Administrative Services Department is pleased to submit the Comprehensive Annual Financial Report for the City of Bedford, Texas (City), for the fiscal year ended September 30, 2017. This report was prepared through the cooperative effort of the Administrative Services Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the City. We believe the data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, organizational chart and a list of principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules. The statistical section includes a variety of financial and demographic information presented on a multiyear basis that is relevant to a financial statement reader. The financial section is prepared in accordance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB).

CITY PROFILE

The City of Bedford is a predominately residential community located in Tarrant County, near several major transportation links between Dallas and Fort Worth. It is part of the "Metroplex" of North Central Texas, which includes the cities of Dallas and Fort Worth. The City of Bedford is bordered on the east and south by the City of Euless, on the west by the City of Hurst and on the north by the City of Colleyville. Bedford lies approximately five miles from the Dallas/Fort Worth International Airport, 12 miles from downtown Fort Worth and 20 miles from downtown Dallas. There are three State Highways (183, 121, 157) and two Interstate Highways (35, 30) serving the City with the nearest Interstate located six miles away.

The City was incorporated in 1953 under the general laws of the state of Texas and the voters approved the current charter in 1966. The City is a home rule city and operates under the Council/Manager form of government. The City Council is composed of a mayor and six council members elected at large every three years.

THE REPORTING ENTITY AND ITS SERVICES

Generally accepted accounting principles require the general-purpose financial statements present the City (the primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on the criterion, the following blended component unit is included. The City of Bedford Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as a Special Revenue Fund as if it were part of the primary government because its sole purpose is to operate, maintain and finance the costs of the City's street improvements using sales taxes collected under Section 4B of the Development Corporation Act of 1979.

Services provided by the City under the general governmental functions include police and fire protection, emergency medical services, planning and zoning, code enforcement and inspections, street maintenance, parks, recreation, library and senior citizen services. A Special Revenue Fund is used to account for revenues derived from hotel/motel taxes, with proceeds used to promote tourism. Water and sewer services are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. Drainage maintenance services are also provided under the enterprise fund concept, implemented in 1991 in accordance with amendments to Title 13 of the Texas Local Government Code.

The water supply for the City of Bedford is provided by the Trinity River Authority (TRA), which provides treated water to Bedford, Euless, Colleyville, Grapevine and North Richland Hills pursuant to separate, but similar contracts dated January 21, 1972 and April 25, 1979. In October 1973 the Trinity River Authority (Central Regional Wastewater System) entered into a 50-year contract with numerous cities in the Metroplex, including the City of Bedford for construction of a wastewater treatment plant to service all contracting parties.

The original 50-year duration of the contract is automatically extended through the latest maturity of any TRA outstanding debt issues.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements should be considered from the broad perspective of the specific environment within which the City operates.

In recent years, the City of Bedford, located in the heart of the Dallas/Fort Worth Metropolitan area (DFW), has experienced a significant slowdown in population growth. The 2010 census reflects a population of 46,979, which is approximately a 0.4% decrease from the census results of 2000. However, current population estimates are projected to be 49,234 or 4.8% above the census results.

Multiple light manufacturing firms are in Bedford, as well as a variety of commercial establishments, restaurants, health care facilities, retail stores, shops and food stores. Several of the retail shopping centers in the City are undergoing renovation and expansion. Undeveloped property accounts for approximately 2.0% of the total area in the City.

The City is not financially dependent upon any one industry, or type of industry. The City recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the community. During the course of the year, it witnessed 1% growth in sales tax collections by $117,859.

As a policy, the City Council has set certain economic goals that are intended to attract high quality, visually appealing businesses, as well as revitalize and invest in areas that have seen some deterioration of economic activity. By emphasizing the need to be more business friendly, the goals of the City Council seek to provide the general direction for future land use plans and decisions for the City.

Current longer range financial planning primarily revolves around several major water/sewer system infrastructure projects as well as significant improvements to our drainage system. In addition, as the City is approximately 98% built out, significant planning initiatives are being considered to provide for re-development of certain aging corridors within the City.

A few years ago, the City witnessed the widening of State Highway 183 (Airport Freeway), which runs eastbound/westbound through the center of town. During this period, Bedford officials were highly successful in retaining existing businesses while recruiting new ones to the newly expanded highway corridor. In addition, the City is working diligently with property owners to maximize development opportunities because of the expansion. This includes creating incentive agreements between the City and the business community that creates jobs, enhance the tax base and secure revenue resources for the City.

To the extent that operations result in surplus funds, we will continue to fund various capital needs of a one-time nature from the surplus rather than issuing unnecessary debt.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition

and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The budgetary process begins each year with the preparation of revenue estimates by the City's Administrative Services Department staff and expenditure estimates by each City department. Estimates are reviewed by the City Manager, and evaluated within the total financial framework. Budget proposals are recommended by the City Manager and reviewed extensively by the City Council, a process that includes a public hearing. After the conclusion of the public hearing, the City Council may make changes as deemed appropriate. The budget as amended is then adopted by ordinance, which also adopts the tax rate.

In addition, the annual budget also contains a capital improvement program which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. The capital program includes a list of all capital improvements that are planned during the upcoming five fiscal years, cost estimates, time schedules and methods of financing for each improvement.

GENERAL GOVERNMENTAL FUNCTIONS

Property Taxes

All eligible property within the City is subject to assessment, levy, and collection of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under state law, the City is limited to a maximum tax rate of $2.50 per $100 assessed valuation.

In addition, the City's home rule charter limits the tax rate to a maximum of $1.50 per $100 assessed valuation. The appraisal of property within the City is the responsibility of the Tarrant Appraisal District (TAD). The City of Bedford and other taxing jurisdictions in Tarrant County provide a pro rata share of the budgeted expenditures incurred by TAD based upon individual levy. The City contracts with the Tarrant County Tax Office for tax billing and collection services.

OTHER INFORMATION

Audit

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by independent certified public accountants selected and engaged by the City Council. The Independent Auditor's Report is included in the financial section of this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bedford for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2016. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement a government unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. In addition, an award winning CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the 21st consecutive year the City of Bedford has received the Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for their consideration.

ACKNOWLEDGMENTS

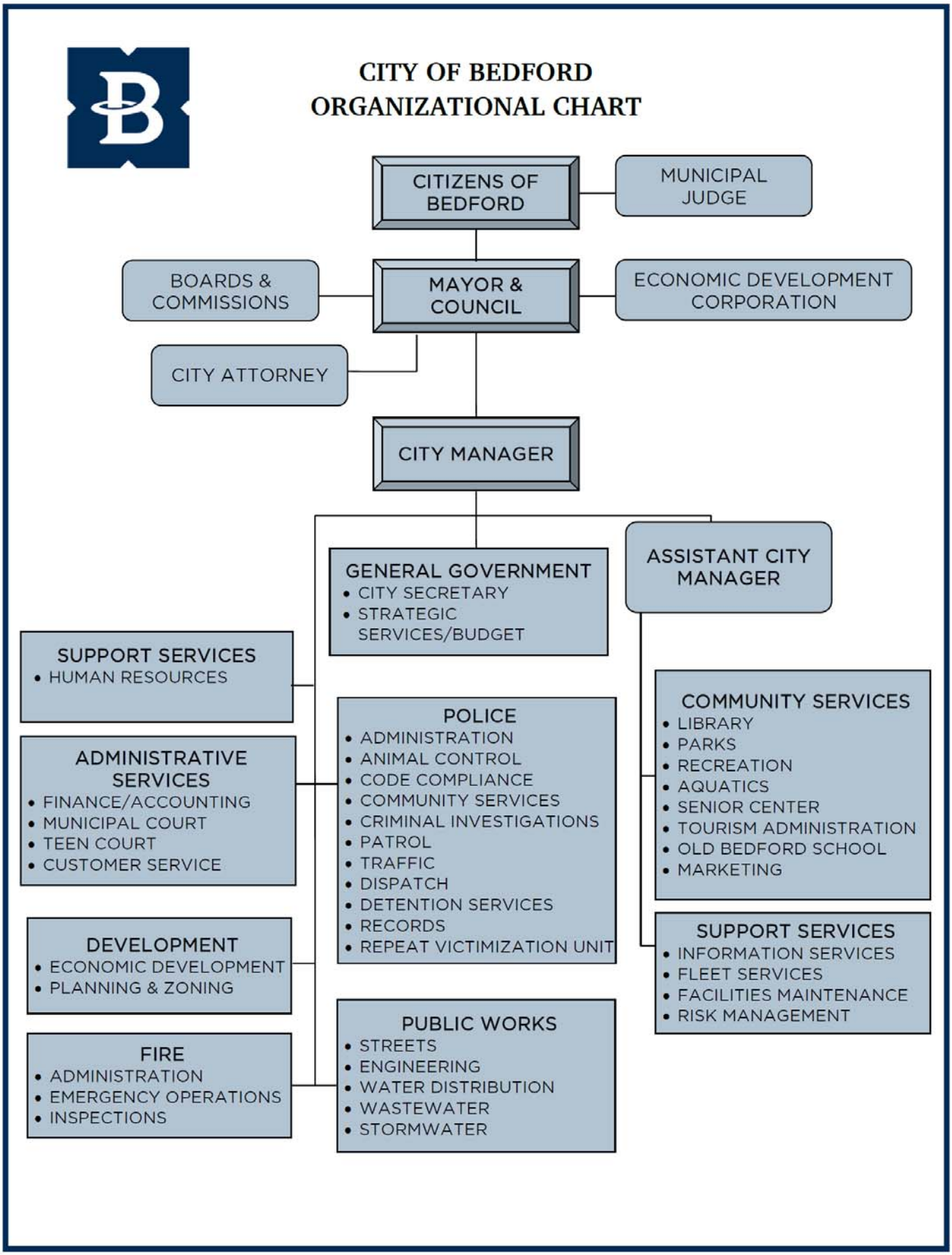
The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Administrative Services Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Special acknowledgment is extended to Paula McPartlin and Crystal Segovia, whose arduous work and dedication was instrumental in the preparation of this report. Acknowledgment is also given to representatives of Weaver and Tidwell, LLP for their assistance in producing the final product. This was the first year in which Weaver conducted an audit of the City's financials and a considerable amount of time and effort has been given to ensure accuracy. Our appreciation is extended to the Mayor, the members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Clifford Blackwell, C.G.F.O.

Assistant City Manager

CITY OF BEDFORD
ORGANIZATIONAL CHART



Principal Officials
Fiscal Year 2017-2018

ELECTED

CITY COUNCIL

Roger Fisher Mayor Pro Tem	Dave Gebhart Place 2	Amy Sabol Place 3	Rusty Sartor Place 1

Dr. Roy Turner Place 5	Jim Griffin Mayor	Michael Boyter Place 4

SENIOR STAFF

Brian Bosshardt, City Manager

Clifford W. Blackwell, III, C.G.F.O. ..... Assistant City Manager

Paula McPartlin, C.G.F.O. ..... Acting Director of Administrative Services

Jeff Gibson ..... Police Chief

Miguel Ozuna ..... Director of Human Resources

Kenny Overstreet ..... Director of Public Works/Engineering

Sean Fay ..... Fire Chief

Bill Syblon ..... Director of Development

Michael Wells ..... City Secretary

BUDGET DEVELOPMENT

Meg Jakubik, C.G.F.O. ..... Strategic Services Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bedford

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

Financial Section

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Independent Auditor's Report

The Mayor and City Council
City of Bedford, Texas
Bedford, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bedford, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Adjustment

As discussed in Note 14 to the basic financial statements, the 2016 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Prior Year Comparative Information

The financial statements include certain summarized prior-year comparative information derived from previously issued financial statements which have been restated as discussed in Note 14 to the basic financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. We have not audited such information and accordingly, we express no opinion and provide no assurance on it.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information including the combining fund statements and budget and actual schedules, and the statistical section listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information including the combining fund statements and combing schedules of revenues, expenditures, and changes in fund balance-budget and actual listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 22, 2018

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Management's Discussion and Analysis

The discussion and analysis of the City of Bedford's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the accompanying letter of transmittal and the City's basic financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $63,939,957 (net position).

The City's net position increased $2,805,332 or 4.5%. This increase is primarily due to increases in tax revenues as well as charges for services. The increase in charges for services stems from water and sewer rate increases as approved by the city council to match the rate increases passed on by the wholesale provider, TRA, as well as maintain current service levels. The operating revenue for water and sewer charges increased from $20,083,419 to $20,814,849 for fiscal years 2016 to 2017, respectively; resulting in an increase of $731,430 or 3.6%.

As of September 30, 2017, the City's governmental funds reported combined ending fund balances of $20,998,826. This represents a decrease of $712,711 in comparison to the prior fiscal year, due to a decline in miscellaneous revenue that is partially offset by increases in taxes and debt proceeds. In the prior year, the City recognized a $4,365,863 increase in miscellaneous revenue because of a defunct incentive agreement that was considered one-time income. Throughout the fiscal year, the City also witnessed 12% growth in assessed valuations that resulted in a $945,578 increase in tax revenues. In addition, it issued $1,105,000 in short-term debt to meet significant capital needs without impacting the operations budget. The combination of these additional resources, along with the sharp decline in miscellaneous revenue is what led to a 3.7% decrease in the combined ending fund balances.

Although the City issued an additional $1,105,000 in short term debt, the total debt obligations still decreased by 8.7% from $72,699,466 to $66,390,811. In addition, as a part of annual debt service requirements, principal payments of $7,395,000 were made during the 2016/2017 fiscal year.

Using This Annual Report

This comprehensive annual financial report consists of a series of financial statements that serve as an introduction to the City of Bedford's financial health. The statement of net position provides information about the financial activities of the City, and it presents a long-term view of the finances.

The next section is the fund financial statements which shows how municipal services are financed in the short-term. In addition, it reports the operations in more detail than what the government-wide statements provide about the City's most financially significant funds. Lastly, this report also includes other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

The statement of net position, also known as a 'balance sheet, presents the City's financials in the following manner. It compares the assets, or what is owned, against its liabilities, or what is owed, and measures the difference as the net position. The statement of activities, which is like an income statement, reports the municipal revenues in the form of contributions, program fees, charges for services, and other amounts released from restrictions. In addition, it categorizes municipal expenses in the form of primary government activities and proprietary or business-type activities. The difference between both areas, results in an increase or decrease in the net position of the statement of activities.

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation and general administration. Taxes (property, sales, franchise, mixed beverage), licenses/permits, charges for services, and fines/forfeitures finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer and storm water system facilities are reported here.

The net position highlights the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Over time, increases or decreases in the City's net position exemplifies how the financial health is improving or deteriorating. By assessing health of the City, it is important to consider other nonfinancial factors including changes in the City's property tax base, the economic impact of municipal cost index and the condition of the City's capital infrastructure (roads, buildings, water and sewer lines) to assess the value.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. Some funds are required by state law. However, the City Council establishes many other funds that fulfils specific purposes or meet statutory requirements.

The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which cannot be accounted for in any other specialized fund. These funds use the modified accrual basis of accounting, which recognizes revenues when they become available and measurable. They also recognize expenditures when liabilities are incurred. Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps financial statement readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds within two reconciliations which outline individual financial items or factors converting the modified basis of accounting presentation to the full accrual basis of accounting presentation. These can be found following both the balance sheet and statement of revenues, expenditures and changes in fund balances.

Proprietary Funds

Proprietary funds use the full accrual basis of accounting. Meaning, these funds recognize the financial effect of events that impact an entity during the accounting period, regardless of whether cash was received or spent. In addition, under the full accrual basis, proprietary funds identify the full cost of services and usually create a fee structure that recaptures the true cost. A city may maintain two types of proprietary funds to record charges for the full cost of the services it provides whether to outside customers or to other units of the city. These services are reported in either Enterprise Funds or Internal Service Funds.

- **Enterprise Funds** – Are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water and sewer and storm water operations.
- **Internal Service Funds** – Are an accounting device used to accumulate costs internally among various functions of the City. The City currently has no operations that qualify as an Internal Service Fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources would not be available to support the City's own programs. The City of Bedford currently has no fiduciary funds.

Major Governmental Funds

As noted, Bedford uses fund accounting to ensure and demonstrate compliance within the generally accepted accounting principles. The focus of governmental funds is to provide information on inflows, outflows and balances of spendable resources. Information such as unassigned fund balance serves as a useful measure of the City's ability to finance unforeseen upcoming obligations. As a measure of the General Fund's liquidity, year ending unassigned fund balance of $11,873,958 represents 58.3% (approximately 128 days) of next year's budgeted expenditures.

The Debt Service Fund has a total fund balance of $973,557, all of which is reserved for the payment of debt. It increased by $29,084 or 3.1% during the current year, due to tax assessment income levels exceeding total expenditures from the fund. The fund has been used to not only pay annual debt service requirements but it also covers contractual service costs for arbitrage calculations as well as a pro-rata share of investment advisory services. These expenditures contribute to the total payment from the Debt Service Fund.

The Economic Development 4B Fund has a total fund balance of $3,790,264, most of which is reserved for street infrastructure improvements and maintenance. The current year fund balance increased by $177,297 or 4.9% due to a reduction in roadway repair services that were rescheduled for the following fiscal year.

The City as a Whole

The City's combined net position changed from a year ago, increasing from $61,134,625 to $63,939,957. The net position and net expenses of governmental and business-type activities have significant changes occurring this year. The analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

The net position of the City's governmental activities increased by $1,303,058 or 5.8%, from $22,291,590 last fiscal year, to $23,594,648 as of September 30, 2017, primarily due to increases in property tax revenue, along with contributions, that contributed to a net surplus over expenditures. In the business-type activities, the net position increased from $38,843,035 to $40,345,309, or 3.9%, primarily due to the increased water and sewer sales and charges for services. The unrestricted net position of the City's governmental activities (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) decreased from ($684,096) to $(1,786,061) as of September 30, 2017, or -361%. The reason for the decrease in the governmental unrestricted net position is due the restriction of funds for street, drainage, and capital improvements not funded by bond proceeds. The unrestricted net position of the business-type activities increased from $4,454,409 to $5,088,590 as of September 30, 2017, or 14.4%. The primary reason for the increase is related to ongoing positive operations of the Water and Sewer fund.

The restricted net position of the City, those restricted mainly for capital acquisition, debt service, economic development, public safety and parks and beautification decreased from $9,411,339 to $9,064,138, or 3.8%, primarily due to the decrease in funds for street, drainage, and capital improvements not funded by bond proceeds.

The largest portion of the City's net position, 72.1%, reflects an investment in capital assets, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Resources needed to repay debt associated with acquisition of these assets must be provided from other sources, since the capital assets themselves cannot be used for this purpose.

	Governmental Activities		Business-type Activities		Total	
	2017	2016 As Restated	2017	2016	2017	2016 As Restated
Current assets	$ 24,406	$ 25,738	$ 27,480	$ 13,095	$ 51,886	$ 38,833
Internal balances	-	200	-	(200)	-	-
Restricted investments	-	-	10,546	26,980	10,546	26,980
Capital assets	39,247	41,129	49,697	48,022	88,944	89,151
Total assets	63,653	67,067	87,723	87,897	151,376	154,964
Deferred outflows of resources	2,323	2,377	275	286	2,598	2,663
Current liabilities	8,831	10,445	4,651	4,647	13,482	15,092
Long-term liabilities	33,221	36,253	42,965	44,643	76,186	80,896
Total liabilities	42,052	46,698	47,616	49,290	89,668	95,988
Deferred inflows of resources	329	454	37	50	366	504
Net Position						
Net Investment in capital assets	16,730	16,608	35,250	34,389	51,980	50,997
Restricted	9,064	9,412	7	-	9,071	9,412
Unrestricted	(2,199)	(3,728)	5,088	4,454	2,889	726
Total net position	$ 23,595	$ 22,292	$ 40,345	$ 38,843	$ 63,940	$ 61,135

- **Governmental Activities** – The program revenues for the governmental activities were $7,015,912 and total general revenues and transfers were $34,878,441 for the fiscal year ended September 30, 2017. Expenses for these activities were $40,591,295. Net position for Governmental Activities increased by $1,303,058. This was primarily caused by a 2.0% increase in tax revenues coupled with a 5.3% increase in program revenues.

- **Business-type Activities** – The program revenues for the City's business-type activities were $23,281,913 for the fiscal year ended September 30, 2017. Expenses for these activities were $19,438,577, resulting in income of $4,405,991 from operations before nonoperating revenues and expenses. Net position with the inclusion of nonoperating activities and transfers increased by $1,502,274. This is primarily due to increased water and sewer rates as approved by the City Council for January 2017, offset by increased expenses related to the purchase of water.

	Governmental Activities		Business-type Activities		Total	
	2017	2016 As Restated	2017	2016	2017	2016 As Restated
Revenues:						
Program revenues:						
Charges for services	$ 6,480	$ 6,500	$ 22,656	$ 21,571	$ 29,136	$ 28,071
Operating grants and contributions	25	42	-	-	25	42
Capital grants and contributions	511	135	626	163	1,137	298
General revenues:						
Property taxes	16,273	15,508	-	-	16,273	15,508
Other taxes	15,538	15,579	-	-	15,538	15,579
Interest and investment earnings	228	86	356	174	584	260
Gain on sale of assets	-	-	-	-	-	-
Other general revenue	140	4,527	-	(40)	140	4,487
Total revenues	39,195	42,377	23,638	21,868	62,833	64,245
Expenses:						
Public safety	22,071	20,781	-	-	22,071	20,781
Leisure services	5,364	4,364	-	-	5,364	4,364
Community services	1,811	1,876	-	-	1,811	1,876
General government/administration	5,172	5,430	-	-	5,172	5,430
Public services	5,422	5,983	-	-	5,422	5,983
Interest on long term debt	750	932	-	-	750	932
Water and sewer	-	-	18,565	17,511	18,565	17,511
Stormwater	-	-	873	874	873	874
Total expenses	40,590	39,366	19,438	18,385	60,028	57,751
Increases (decreases) in net position before transfers	(1,395)	3,011	4,200	3,483	2,805	6,494
Transfers	2,698	2,644	(2,698)	(2,644)	-	-
Increase in net position	1,303	5,655	1,502	839	2,805	6,494
Net position - October 1	21,842	16,187	38,843	38,004	60,685	54,191
Prior period adjustment	-	450	-	-	-	450
Net position - October 1, restated	21,842	16,637	38,843	38,004	60,685	54,641
Net position - September 30	$ 23,145	$ 22,292	$ 40,345	$ 38,843	$ 63,490	$ 61,135

General Fund Budgetary Highlights

General Fund budget to actual performance for the fiscal year fell below budgetary expectations, primarily in charges for services. The total operating revenues were $28,953,093, which was short of budgetary expectations by $1,060,712. The City of Bedford initiated a new Medicare supplemental program that overestimated its revenue by 88%. In addition, the actual revenues for ambulance services was 38% below budget. The total operating expenditures came in at 0.8% within budgetary expectations.

The City's Funds

The following tables present a summary of General, Special Revenue, Capital Projects and Debt Service Fund revenues and expenditures for the fiscal year ended September 30, 2017, and the amount and percentage of increases and decreases in relation to the prior year:

General Revenues
(in thousands)

	2016	2017	2017 Percent of Total	Increase (Decrease) from 2016	Percent Increase (Decrease)
Taxes	$ 30,860	$ 31,805	81%	$ 945	3%
Licenses, permits, and fees	693	1,056	3%	363	52%
Charges for services	3,959	3,333	8%	(626)	-16%
Fines and forfeitures	1,660	1,742	4%	82	5%
Intergovernmental	366	694	2%	328	90%
Interest	86	228	1%	142	165%
Miscellaneous	4,793	224	1%	(4,569)	-95%
Total	$ 42,417	$ 39,082	100%	$ (3,335)	-8%

General Expenditures
(in thousands)

	2016	2017	2017 Percent of Total	Increase (Decrease) from 2016	Percent Increase (Decrease)
General government	$ 2,006	$ 2,335	5%	$ 329	16%
Community services	1,806	1,745	4%	(61)	-3%
Public services	3,264	2,937	7%	(327)	-10%
Administrative services	2,194	2,660	6%	466	21%
Public safety	19,384	20,244	46%	860	4%
Leisure services	4,291	4,306	10%	15	0%
Capital outlay	2,943	2,918	7%	(25)	-1%
Debt service	6,819	6,826	15%	7	0%
Total	$ 42,707	$ 43,971	100%	$ 1,264	3%

Miscellaneous revenue decreased significantly (95%) due to a one-time adjustment from a defunct incentive program from the prior year. However, intergovernmental revenue increased by 90% due to Hurricane Harvey relief efforts being subsidized by the Texas Department of Emergency Management. The expenditure increase in public safety by 4% was primarily a result of increased personnel costs from the step program. Administrative Services increased by 21% primarily due to increased contractual services, which included implementing a new time clock management system.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2017, the City has $284,665,168 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm water facilities. This represents a net increase of 6,739,144, or 2.4%, over last year. Capital assets net of depreciation increased by approximately $4,512,841, or 5.9%, due to significant capital equipment additions, that included, but is not limited to, new patrol pursuit vehicles, a mobile storage trailer, network switch upgrade and a new ambulance unit. The City's capital plans for fiscal year 2017/2018 call for expenditures of approximately $16.8 million for capital projects, primarily in the following categories: streets, drainage, water and sewer distribution system. Most of the scheduled capital improvements are water and sewer related.

For fiscal year 2017/2018 the estimated capital improvement for water and sewer projects is $14,364,000. The most notable of these projects is the automated meter reading (AMR) program which is estimated at $15 million over two years. This project is part of the SWIFT program in which the City was approved for $90 million to finance capital improvement projects that addressed water conservation issues. The AMR project will replace all water meters throughout the City with technologically advanced meters that can measure water usage in more frequent intervals, to prevent water loss. Other water and sewer projects consists of distribution main replacements, to reduce the number of breaks throughout the City.

Additional information on capital asset activity can be found in *Note 7* of this report.

Capital Assets at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 7,261	$ 7,261	$ 100	$ 100	$ 7,361	$ 7,361
Buildings and structures	25,768	25,734	602	602	26,370	26,336
Other improvements	129,875	126,017	-	-	129,875	126,017
Equipment	31,548	29,488	3,998	3,826	35,546	33,314
Utility distribution	-	-	84,314	78,980	84,314	78,980
Construction in progress	765	3,691	434	2,227	1,199	5,918
Total	$ 195,217	$ 192,191	$ 89,448	$ 85,735	$ 284,665	$ 277,926

Debt

At year-end, the City had $65,670,255 in General Obligation Bonds, Combination Tax and Revenue Certificates of Obligation, Contractual Obligations and capital lease obligations compared to $71,811,375 at the end of the prior fiscal year, a decrease of 8.6%. The primary reason for the decrease is because the debt amortization schedule reflects incremental increases in principal and interest payments as the City approaches the end of the cycle. Last year, the City issued new bonds to offset the incremental increases in debt payments so the obligations increased. However, this year, with no significant debt being added to the outstanding obligations, the total obligation declined.

Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligations	$ 22,180	$ 26,815	$ -	$ -	$ 22,180	$ 26,815
Certificates of obligation	-	-	43,120	44,775	43,120	44,775
Capital lease	370	221	-	-	370	221
Total	$ 22,550	$ 27,036	$ 43,120	$ 44,775	$ 65,670	$ 71,811

The City of Bedford maintains an "AA" rating as it pertains to general obligation bond issuances. The City's rating outlook from S&P's is "Stable." S&P's rating reflects their view of the City's strong wealth and income levels, its historically strong financial performance and reserves, and its moderate debt burden. In their opinion, the City budgetary flexibility remains very strong with reserves above 20% of expenditures. The General Obligation bonds are secured by an ad valorem tax levied against all taxable property within the City, within the limits prescribed by law. Additional information regarding the City's long-term debt can be found in *Note 8* of this report.

Economic Factors and Next Year's Budgets and Rates

The City has witnessed significant growth, by 10.48%, in its taxable values this fiscal year. In addition, staff made a concerted effort to think beyond the service needs of a single year and focus more on the fiscal impact of operations and services into future years. Therefore, the City Council adopted a budget that strategically addresses long standing needs in order to maintain high quality service to the citizens of Bedford. By doing so, they increased the property tax rate from $0.476509 per $100 assessed valuation (A.V.) to $0.520000 per A.V., which is an increase of 4 cents.

In budget year 2018, the Council continued its goal to fund a compensation plan for employees to meet current market levels. They did so by instituting a seven-year step plan for public safety personnel. Within this plan, members of the public safety departments may receive mandatory increases in salaries over a seven-year period, so long as budgetary funds are available. In addition, non-public safety personnel will receive cost-of-living increases as well.

Moreover, to keep up with increased wholesale water and wastewater costs, the City Council authorized pass-through rate increases for both areas. In addition, the City conducted another rate study and found that in addition to increased wholesale water and wastewater costs, additional increases in the wastewater rates were deemed necessary to meet cost of service levels. In addition, the City's commitment to the SWIFT program will meet the City Council's goal of replacing the aging water infrastructure throughout the City in addition to improving accuracy and efficiency of meter reading operations, reducing both water loss and overall related costs for the City.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Division at 2000 Forest Ridge Drive, Bedford, Texas 76021.

Basic Financial Statements

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City of Bedford, Texas
Statement of Net Position
September 30, 2017
(with Summarized Financial Information for 2016)

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2017	2016 As Restated
ASSETS				
Current assets				
Cash and cash equivalents	8,785,594	15,247,975	24,033,569	22,304,545
Investments	11,231,940	8,387,407	19,619,347	8,500,000
Accounts receivables, net of allowance	4,358,133	3,844,544	8,202,677	8,002,637
Inventories and prepaid expenses	30,104	-	30,104	26,145
Total current assets	24,405,771	27,479,926	51,885,697	38,833,327
Noncurrent assets				
Restricted investments with trustee	-	10,546,412	10,546,412	26,980,451
Capital assets, not being depreciated	8,026,417	534,040	8,560,457	13,280,107
Capital assets, being depreciated, net	31,220,921	49,162,271	80,383,192	75,870,351
Total noncurrent assets	39,247,338	60,242,723	99,490,061	116,130,909
Total assets	63,653,109	87,722,649	151,375,758	154,964,236
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	1,297,106	144,123	1,441,229	1,222,688
Deferred pension investment difference	460,504	51,167	511,671	693,712
Deferred pension change in assumptions	483,886	53,766	537,652	624,651
Deferred charges on refundings	81,357	26,365	107,722	122,149
Total deferred outflows of resources	2,322,853	275,421	2,598,274	2,663,200
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	2,647,848	1,659,510	4,307,358	5,055,706
Accrued interest	114,645	204,858	319,503	391,859
Unearned revenue	-	-	-	11,254
Customer deposits	-	971,623	971,623	959,063
Current portion of compensated absences	1,213,246	84,349	1,297,595	1,239,726
Current portion of bonds payable and capital leases	4,855,509	1,730,891	6,586,400	7,434,507
Total current liabilities	8,831,248	4,651,231	13,482,479	15,092,115
Noncurrent liabilities				
Net pension liability	11,706,803	1,300,756	13,007,559	12,520,528
Bonds payable	18,128,246	41,479,946	59,608,192	65,135,557
Capital leases	196,219	-	196,219	129,402
Compensated absences	2,426,490	168,698	2,595,188	2,479,454
Other post-employment benefits	763,349	15,579	778,928	631,192
Total noncurrent liabilities	33,221,107	42,964,979	76,186,086	80,896,133
Total liabilities	42,052,355	47,616,210	89,668,565	95,988,248
DEFERRED INFLOWS OF RESOURCES				
Deferred pension experience difference	328,959	36,551	365,510	504,563
NET POSITION				
Net investment in capital assets	16,730,480	35,250,028	51,980,508	50,996,619
Restricted for				
Street, drainage, and capital improvements	3,220,653	6,691	3,227,344	3,493,756
Debt service	978,394	-	978,394	944,473
Economic development	4,465,576	-	4,465,576	4,515,434
Other purposes	68,215	-	68,215	68,415
Public safety	210,675	-	210,675	279,938
Parks and beautification	120,624	-	120,624	109,323
Unrestricted	(2,199,969)	5,088,590	2,888,621	726,667
Total net position	$ 23,594,648	$ 40,345,309	$ 63,939,957	$ 61,134,625

The Notes to the Financial Statements are an integral part of this statement.

City of Bedford, Texas

Statement of Activities
Year Ended September 30, 2017
(with Summarized Financial Information for 2016)

Program Activities	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government and administration	$ 5,172,343	$ 92,875	$ 9,308	$ -
Community services	1,811,320	330,216	-	-
Public services	5,421,724	934,551	15,520	179,638
Public safety	22,016,970	4,030,313	-	281,169
Leisure services	5,418,465	1,091,945	-	50,377
Interest expense	750,473	-	-	-
Total governmental activities	40,591,295	6,479,900	24,828	511,184
Business-type activities				
Water and sewer services	18,565,424	20,995,798	-	588,032
Stormwater collection and disposal	873,153	1,660,438	-	37,645
Total business-type activities	19,438,577	22,656,236	-	625,677
Total primary government	$ 60,029,872	$ 29,136,136	$ 24,828	$ 1,136,861
General revenues				
Taxes				
Property taxes, penalty and interest				
Sales				
Franchise				
Occupancy				
Other				
Investment earnings				
Gain (loss) on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Changes in net position				
Net position, beginning of year				
Prior period adjustment				
Net position, beginning of year, restated				
Net position, end of year				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government		Totals	
Governmental Activities	Business-type Activities	2017	2016 As Restated
$ (5,070,160)	$ -	$ (5,070,160)	(5,327,973)
(1,481,104)	-	(1,481,104)	(1,558,946)
(4,292,015)	-	(4,292,015)	(4,844,189)
(17,705,488)	-	(17,705,488)	(16,834,466)
(4,276,143)	-	(4,276,143)	(3,191,587)
(750,473)	-	(750,473)	(932,372)
(33,575,383)	-	(33,575,383)	(32,689,533)
-	3,018,406	3,018,406	2,919,483
-	824,930	824,930	429,542
-	3,843,336	3,843,336	3,349,025
$ (33,575,383)	$ 3,843,336	$ (29,732,047)	$ (29,340,508)
16,273,095	-	16,273,095	15,507,727
10,905,398	-	10,905,398	10,787,539
3,331,500	-	3,331,500	3,432,957
1,070,774	-	1,070,774	1,123,421
231,388	-	231,388	235,320
227,800	356,632	584,432	260,497
8,329	-	8,329	(61,966)
132,463	-	132,463	4,548,532
2,697,694	(2,697,694)	-	-
34,878,441	(2,341,062)	32,537,379	35,834,027
1,303,058	1,502,274	2,805,332	6,493,519
22,291,590	38,843,035	61,134,625	54,190,996
-	-	-	450,110
22,291,590	38,843,035	61,134,625	54,641,106
$ 23,594,648	$ 40,345,309	$ 63,939,957	$ 61,134,625

City of Bedford, Texas

Balance Sheet – Governmental Funds
September 30, 2017
(with Summarized Financial Information for 2016)

	General	Debt Service	Economic Development 4B
ASSETS			
Cash and cash equivalents	$ 3,457,288	$ 209,840	$ 2,081,242
Investments	7,650,734	757,099	1,510,000
Receivables			
Taxes, less allowance for uncollectible	2,483,233	124,992	464,969
Accounts	519,405	1,433	737
Other	366,871	-	-
Due from other funds	25,452	-	-
Inventories and prepaid items	30,104	-	-
Advances to other funds	-	-	-
TOTAL ASSETS	$ 14,533,087	$ 1,093,364	$ 4,056,948
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts and accrued liabilities	2,195,592	325	266,684
Due to other funds	-	-	-
Unearned revenue	-	-	-
TOTAL LIABILITIES	2,195,592	325	266,684
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	397,969	119,482	-
FUND BALANCES			
Nonspendable			
Advances to/due from other funds	-	-	-
Inventories and prepaid items	30,104	-	-
Restricted for			
Debt service	-	973,557	-
Street and drainage improvements	35,464	-	-
Capital acquisition and construction	-	-	-
Economic development	-	-	3,790,264
Public safety	-	-	-
Parks and beautification	-	-	-
Other	-	-	-
Assigned	-	-	-
Committed - special projects	-	-	-
Unassigned	11,873,958	-	-
TOTAL FUND BALANCES	11,939,526	973,557	3,790,264
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 14,533,087	$ 1,093,364	$ 4,056,948

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Government	Totals 2017	2016 As Restated
3,037,224	$ 8,785,594	13,711,821
1,314,107	11,231,940	7,900,000
-	3,073,194	3,013,341
115,252	636,827	625,399
281,241	648,112	461,696
-	25,452	9,952
-	30,104	26,145
-	-	200,000
$ 4,747,824	$ 24,431,223	$ 25,948,354
185,247	2,647,848	3,380,776
25,452	25,452	9,952
-	-	4,563
210,699	2,673,300	3,395,291
241,646	759,097	841,526
-	-	209,952
-	30,104	26,145
-	973,557	944,473
2,392,382	2,427,846	2,309,749
828,271	828,271	1,184,007
675,312	4,465,576	4,515,434
210,675	210,675	279,938
120,624	120,624	109,323
68,215	68,215	68,415
-	-	140,000
-	-	4,486,890
-	11,873,958	7,437,211
4,295,479	20,998,826	21,711,537
$ 4,747,824	$ 24,431,223	$ 25,948,354

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City of Bedford, Texas

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2017

Fund balances of governmental funds		$ 20,998,826
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		39,247,338
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(114,645)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		759,097
Deferred outflows of resources and deferred inflows of resources represent amounts related to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Employer pension contributions	1,297,106	
Pension Investment difference	460,504	
Pension change in assumptions	483,886	
Deferred charges on refundings	81,357	
Pension experience difference	(328,959)	1,993,894
Noncurent liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements. Noncurrent liabilities at year-end consist of:		
General and contractual obligation bonds	(22,180,000)	
Bond premium	(629,719)	
Net pension liability	(11,706,803)	
Compensated absences	(3,639,736)	
OPEB liability	(763,349)	
Capital leases	(370,255)	(39,289,862)
Total net position of governmental activities		$ 23,594,648

The Notes to the Financial Statements are an integral part of this statement.

City of Bedford, Texas

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year Ended September 30, 2017
(with Summarized Financial Information for 2016)

	General	Debt Service	Economic Development 4B
REVENUES			
Taxes, penalty and interest	$ 22,714,729	$ 5,242,846	$ 2,776,931
Licenses, permits, and fees	982,054	-	-
Charges for services	3,067,148	-	-
Fines and forfeitures	1,510,112	-	-
Support from governmental entities	423,060	-	-
Interest	131,972	18,126	31,517
Miscellaneous	124,018	-	-
Total revenues	28,953,093	5,260,972	2,808,448
EXPENDITURES			
Current			
General government	2,335,285	-	-
Community services	547,882	-	-
Public services	1,911,385	-	1,026,087
Administrative services	2,558,015	-	-
Public safety	20,020,428	-	-
Leisure services	4,228,845	-	-
Capital outlay	739,778	-	232,489
Debt service			
Principal retirement	174,341	5,740,000	-
Interest and fiscal agent fees	14,494	883,760	-
Total expenditures	32,530,453	6,623,760	1,258,576
Excess (deficiency) of revenues over (under) expenditures	(3,577,360)	(1,362,788)	1,549,872
OTHER FINANCING SOURCES (USES)			
Transfers in	2,826,384	1,391,872	-
Transfers out	-	-	(1,391,872)
Issuance of bonds	-	-	-
Proceeds from capital leases	323,221	-	-
Proceeds from sale of capital assets	8,329	-	-
Insurance proceeds	23,290	-	19,297
Total other financing sources (uses)	3,181,224	1,391,872	(1,372,575)
Net change in fund balance	(396,136)	29,084	177,297
Fund balances, beginning of year	12,335,662	944,473	3,612,967
Prior period adjustment	-	-	-
Fund balances, beginning of year, restated	12,335,662	944,473	3,612,967
Fund balances, end of year	$ 11,939,526	$ 973,557	$ 3,790,264

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Government	Totals 2017	2016 As Restated
$ 1,070,774	$ 31,805,280	$ 30,859,702
74,273	1,056,327	692,700
265,715	3,332,863	3,959,448
232,213	1,742,325	1,660,311
271,074	694,134	365,533
46,185	227,800	86,353
99,787	223,805	4,792,905
2,060,021	39,082,534	42,416,952
-	2,335,285	2,005,931
1,196,902	1,744,784	1,806,262
-	2,937,472	3,263,538
101,843	2,659,858	2,194,218
223,271	20,243,699	19,383,973
77,616	4,306,461	4,290,997
1,945,695	2,917,962	2,943,455
-	5,914,341	5,698,767
13,960	912,214	1,119,668
3,559,287	43,972,076	42,706,809
(1,499,266)	(4,889,542)	(289,857)
-	4,218,256	4,658,149
(128,690)	(1,520,562)	(2,013,733)
1,105,000	1,105,000	-
-	323,221	-
-	8,329	11,489
-	42,587	55,635
976,310	4,176,831	2,711,540
(522,956)	(712,711)	2,421,683
4,818,435	21,711,537	18,839,744
-	-	450,110
4,818,435	21,711,537	19,289,854
$ 4,295,479	$ 20,998,826	$ 21,711,537

City of Bedford, Texas

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2017

Net change in fund balances – total governmental funds		$ (712,711)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		3,063,602
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(4,944,700)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds	5,740,000	
Capital lease	174,341	5,914,341
The issuance of long-term debt, such as bonds and capital leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net position with related costs amortized over the life of the bonds. Differences consist of the following:		
Issuance of debt	(1,105,000)	
Proceeds from capital leases	(323,221)	
Amortization of refunding loss	(9,155)	
Amortization of bond premium	156,473	(1,280,903)
Current year pension expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(358,629)
Current year change in long-term liability for compensated absences and OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(309,934)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		14,422
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(82,430)
Change in net position of governmental activities		$ 1,303,058

The Notes to the Financial Statements are an integral part of this statement.

City of Bedford, Texas
Statement of Net Position
Proprietary Funds
September 30, 2017
(with Summarized Financial Information for 2016)

	Water and Sewer	Stormwater Utility	Totals 2017	Totals 2016
ASSETS				
Current assets				
Cash and cash equivalents	$ 14,148,873	$ 1,099,102	$ 15,247,975	$ 8,592,724
Investments	8,133,151	254,256	8,387,407	600,000
Accounts receivable, net of allowance	3,578,675	265,869	3,844,544	3,902,201
Total current assets	25,860,699	1,619,227	27,479,926	13,094,925
Noncurrent assets				
Restricted investments with trustee	10,546,412	-	10,546,412	26,980,451
Property, plant and equipment				
Land	100,255	-	100,255	100,255
Equipment	3,732,415	265,403	3,997,818	3,825,320
Buildings and improvements	601,657	-	601,657	601,657
Utility distribution	69,609,696	14,703,879	84,313,575	78,980,220
Construction in progress	386,066	47,719	433,785	2,227,097
Less accumulated depreciation	(32,358,568)	(7,392,211)	(39,750,779)	(37,712,527)
Property, plant and equipment, net	42,071,521	7,624,790	49,696,311	48,022,022
Total noncurrent assets	52,617,933	7,624,790	60,242,723	75,002,473
Total assets	78,478,632	9,244,017	87,722,649	88,097,398
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	129,711	14,412	144,123	122,269
Deferred pension investment difference	46,050	5,117	51,167	69,371
Deferred pension change in assumptions	48,389	5,377	53,766	62,466
Deferred charges on refundings	26,365	-	26,365	31,637
Total deferred outflows of resources	250,515	24,906	275,421	285,743
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,603,931	55,579	1,659,510	1,674,930
Accrued interest	188,233	16,625	204,858	262,792
Current portion compensated absences	76,321	8,028	84,349	77,324
Unearned revenue	-	-	-	6,691
Advances from other funds	-	-	-	200,000
Current portion of bonds payable	1,576,982	153,909	1,730,891	1,666,061
Customer deposits	971,623	-	971,623	959,063
Total current liabilities	4,417,090	234,141	4,651,231	4,846,861
Noncurrent liabilities				
Net pension liability	1,170,680	130,076	1,300,756	1,252,053
Compensated absences	152,643	16,055	168,698	154,649
Bonds payable	38,989,169	2,490,777	41,479,946	43,210,838
Other post-employment benefits	15,579	-	15,579	25,248
Total noncurrent liabilities	40,328,071	2,636,908	42,964,979	44,642,788
Total liabilities	44,745,161	2,871,049	47,616,210	49,489,649
DEFERRED INFLOWS OF RESOURCES				
Deferred pension experience difference	32,896	3,655	36,551	50,457
NET POSITION				
Net investment in capital assets	29,764,177	5,485,851	35,250,028	34,388,626
Restricted for drainage improvements	-	6,691	6,691	-
Unrestricted	4,186,913	901,677	5,088,590	4,454,409
Total net position	$ 33,951,090	$ 6,394,219	$ 40,345,309	$ 38,843,035

The Notes to the Financial Statements are an integral part of this statement.

City of Bedford, Texas

Statement of Revenues, Expenses and
Changes in Fund Net Position – Proprietary Funds
Year Ended September 30, 2017
(with Summarized Financial Information for 2016)

	Water and Sewer	Stormwater Utility	Totals 2017	Totals 2016
OPERATING REVENUES				
Water sales	$ 13,197,953	$ -	$ 13,197,953	$ 12,839,683
Charges for sewer services	7,616,896	-	7,616,896	7,243,736
Stormwater charges	-	1,623,747	1,623,747	1,272,434
Other	180,949	36,691	217,640	214,973
Total operating revenues	20,995,798	1,660,438	22,656,236	21,570,826
OPERATING EXPENSES				
Water supply and distribution	8,972,551	-	8,972,551	8,873,415
Wastewater collection and disposal	4,353,139	-	4,353,139	3,955,552
Billing and collection	1,389,577	458,642	1,848,219	1,720,680
Public services/engineering	1,038,085	-	1,038,085	762,902
Depreciation	1,720,341	317,910	2,038,251	1,943,119
Total operating expenses	17,473,693	776,552	18,250,245	17,255,668
OPERATING INCOME	3,522,105	883,886	4,405,991	4,315,158
NONOPERATING REVENUES (EXPENSES)				
Interest income	342,261	14,371	356,632	174,144
Loss on sale of capital assets	-	-	-	(39,892)
Interest expense and fiscal agent charges	(1,091,731)	(96,601)	(1,188,332)	(1,128,780)
Total nonoperating revenues (expenses)	(749,470)	(82,230)	(831,700)	(994,528)
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	2,772,635	801,656	3,574,291	3,320,630
CAPITAL CONTRIBUTIONS	588,032	37,645	625,677	162,647
TRANSFERS IN	191,426	-	191,426	161,974
TRANSFERS OUT	(2,359,853)	(529,267)	(2,889,120)	(2,806,390)
CHANGE IN NET POSITION	1,192,240	310,034	1,502,274	838,861
NET POSITION, BEGINNING OF YEAR	32,758,850	6,084,185	38,843,035	38,004,174
NET POSITION, END OF YEAR	$ 33,951,090	$ 6,394,219	$ 40,345,309	$ 38,843,035

The Notes to the Financial Statements are an integral part of this statement.

City of Bedford, Texas

Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2017
(with Summarized Financial Information for 2016)

	Water and Sewer	Stormwater Utility	Totals 2017	Totals 2016
OPERATING ACTIVITIES				
Receipts from customers and users	$ 21,119,508	$ 1,606,945	$ 22,726,453	$ 21,712,239
Payments to other funds	-	(200,000)	(200,000)	(100,000)
Payments to suppliers	(13,158,939)	(278,241)	(13,437,180)	(12,945,694)
Payments to or on behalf of employees for services	(2,635,120)	(161,796)	(2,796,916)	(2,468,705)
Net cash provided by operating activities	5,325,449	966,908	6,292,357	6,197,840
NONCAPITAL FINANCING ACTIVITIES				
Transfers in	191,426	-	191,426	161,974
Transfers out	(2,359,853)	(529,267)	(2,889,120)	(2,806,390)
Net cash used in noncapital financing activities	(2,168,427)	(529,267)	(2,697,694)	(2,644,416)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital related debt	-	-	-	30,000,000
Principal paid on capital debt	(1,515,000)	(140,000)	(1,655,000)	(1,608,908)
Interest and fiscal agent fees	(1,093,612)	(100,510)	(1,194,122)	(1,130,660)
Proceeds from sale of property	-	-	-	(39,892)
Acquisition and construction of capital assets	(3,007,030)	(79,833)	(3,086,863)	(916,965)
Net cash provided by (used in) capital and related financing activities	(5,615,642)	(320,343)	(5,935,985)	26,303,575
INVESTING ACTIVITIES				
Purchase of investments	(18,980,365)	(10,947)	(18,991,312)	(29,225,996)
Proceeds from sale of investments	27,631,253	-	27,631,253	3,250,000
Interest on investments	342,261	14,371	356,632	174,144
Net cash provided by (used in) investing activities	8,993,149	3,424	8,996,573	(25,801,852)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,534,529	120,722	6,655,251	4,055,147
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,614,344	978,380	8,592,724	4,537,577
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 14,148,873	$ 1,099,102	$ 15,247,975	$ 8,592,724

The Notes to the Financial Statements are an integral part of this statement.

City of Bedford, Texas

Statement of Cash Flows – Proprietary Funds – Continued
Year Ended September 30, 2017
(with Summarized Financial Information for 2016)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 3,522,105	$ 883,886	$ 4,405,991	$ 4,315,158
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	1,720,341	317,910	2,038,251	1,943,119
Changes in				
Receivables	111,150	(53,493)	57657	90,683
Due to and advances from other funds	-	(200,000)	-200000	(100,000)
Accounts payable and accrued liabilities	(88,062)	14,708	-73354	(102,924)
Pension & other post employment benefits	26,193	3,985	30178	(26,444)
Compensated absences	21,162	(88)	21074	32,168
Customer deposits	12,560	-	12560	46,080
Net cash provided by operating activities	$ 5,325,449	$ 966,908	$ 6,292,357	$ 6,197,840
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	$ 588,032	$ 37,645	$ 625,677	$ 162,647

The Notes to the Financial Statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

The City of Bedford, Texas (City) Home Rule Charter was adopted September 24, 1966. The City operates under a Council/Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used.

Significant policies of the City are described below.

A. Financial Reporting Entity

Generally accepted accounting principles require that financial statements present the City (primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, in that the financial statements include all organizations, activities, functions and component units for which the City is financially accountable or those which would be misleading to exclude. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on these criteria, the following blended component unit is included in the accompanying financial statements. Blended component units, although legally separate entities are, in substance, part of the City's operations.

The City Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as if it were part of the primary government because its sole purpose is to operate, maintain, and finance the costs of the City's street improvements using taxes collected under Section 4B of the Development Corporation Act of 1979. Separate financial statements are not available.

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

The primary effect of internal activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation on the government-wide statement of activities.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

- General Fund – is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund – is used to account for the accumulation of resources for the payment of general long-term obligations principal, interest and related costs.
- Economic Development 4B Fund – is used to account for revenues and expenses associated with the operation, maintenance and financing of the costs of the City's street improvements. The fund's primary revenue source is sales taxes, and a small amount of interest.

All proprietary funds account for operations that are primarily financed by user charges.

The City reports the following proprietary funds:

- Water and Sewer Fund – accounts for providing water and sewer services to residential and commercial users in the City.
- Stormwater Utility Fund – accounts for the storm drainage runoff service provided to the residential and commercial users of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services (except for sanitation services), fines and forfeitures and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be all unrestricted cash and certificates of deposit with an original maturity date of three months or less.

E. Investments

Investments in debt securities and money market mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost.

Investments in external investment pools are carried at net asset value, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

F. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts and other specific information known to management that may affect collectability.

G. Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). The City uses the consumption method for determining cost; inventories are recognized as expenditures when consumed.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure such as roads, bridges, drainage systems and lighting systems, are reported at historical cost. Contributed assets are recorded at their acquisition value as of the date received. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives of major categories of property are:

Buildings	20 – 40 years
Infrastructure	20 – 30 years
Water and sewer system	50 years
Improvements	10 – 20 years
Machinery and equipment	3 – 10 years

Interest expense is capitalized on contracts with durations over one-year in the proprietary funds. The minimum capitalization threshold is any item with a total cost greater than $5,000 and a useful life greater than one-year.

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service from the City.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay only if the compensated absences have matured with unused reimbursable leave outstanding following an employee's resignation or retirement. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of such liabilities.

J. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, pension related deferred outflows of resources and deferred inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as reported by TMRS. For this purpose, plan contributions are recognized in the period compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources.

This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Employer Contributions – Pensions – These contributions are those made after the measurement date through the fiscal year end (January 1st – September 30th) resulting in a cash outlay not yet recognized under GASB 68. This amount is deferred and recognized in the following fiscal year.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period.
- Assumption changes – Pensions – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Experience difference – Pensions – These amounts represent the difference in expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Unavailable revenue – These amounts represent uncollected property taxes, uncollected ambulance revenue and property assessments. These amounts are deferred in the fund's financial statements and recognized once payments are received in the following fiscal year(s).

Fund allocation of pension related balances is determined by individual employee assignment and is modeled by allocation of the net pension liability. This assignment is uniform with regard to liquidation of the net pension liability.

K. Interfund Transactions

During the course of normal City operations, transactions occur between funds, including reimbursement of expenditures and transfers of resources to provide services, construct assets and service debt. There is no interest charged between funds for these advances. Interfund transactions are eliminated upon consolidation in the government-wide financial statements unless the transaction is deemed to be at market or near market value and is reported as revenue, expenditure or expense.

L. Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, donors, grantors or laws or regulations of other governments.

The net position of the Tourism Development Fund and the Economic Development 4B Fund are restricted by enabling legislation as indicated on the statement of net position. The City's policy is to use restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

M. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Balances include items not expected to be converted to cash including inventories and prepaid items.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

N. New Pronouncements

The City has adopted and implemented the following GASB statements which have become effective for the fiscal year 2017:

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68

- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement applies to all state and governmental entities and was effective for fiscal year 2017. The implementation of this statement did not impact the City's financial statements.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans

- The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local OPEB plans for making decisions and assessing accountability. This Statement applies to all state and governmental entities and was effective for fiscal year 2017. The implementation of this statement did not impact the City's financial statements.

GASB Statement No. 77, Tax Abatement Disclosures

- The objective of this Statement is to require governments that enter into tax abatement agreements to provide certain disclosures regarding the commitments. This Statement applies to all state and governmental entities and was effective for fiscal year 2017. See Note 12 for the tax abatement disclosure.

GASB Statement No. 78, Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans

- The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement applies to all state and governmental entities and was effective for fiscal year 2017. The implementation of this statement did not impact the City's financial statements.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants

- The objective of this Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement applies to all state and governmental entities and was effective for fiscal year 2017. The implementation of this statement did not impact the City's financial statements.

GASB Statement No. 80, Blending Requirements for Certain Component Units- an amendment of GASB Statement No. 14

- The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to all state and governmental entities. This Statement applies to all state and governmental entities and was effective for fiscal year 2017. The implementation of this statement did not impact the City's financial statements.

O. Prior Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements as of and for the year ended September 30, 2016, from which the summarized information was derived and as restated during the current year as described in Note 14.

Note 2. Deposits and Investments

The deposit and investment policies of the City are governed by State Statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be insured by the Federal Deposit Insurance Corporation (FDIC). Financial institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agency securities, repurchase agreements and municipal pools.

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Investments measured at fair value are categorized within the fair value hierarchy. Fair value refers to the price that would be received to sell as asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

The hierarchy provides a framework for measuring fair value based on three levels. The three level fair value hierarchy describes the inputs that are used to measure assets and liabilities.

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The fair value hierarchy gives the highest priority to Level 1 and the lowest priority to level 3 inputs. If a price for an identical asset or liability is not observable a government should measure fair value using another valuation technique that maximizes the use of an asset inputs from more than one level of the fair value hierarchy. The measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The following table presents the weighted average maturity, credit rating, and fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2017:

September 30, 2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Weighted Average Maturity (Days)	Standard & Poor's Credit Rating
Investments by fair value level						
U.S. agency securities	$ 6,054,215	$ -	$ 6,054,215	$ -	141 days	Aaa/AA+
Money market mutual funds	4,056,113	4,056,113	-	-	1 day	Aaa/AA+
Total investments by fair value level	10,110,328	$ 4,056,113	$ 6,054,215	$ -		
Investments measured at net asset value						
TexSTAR	10,462,770				1 day	AAAm
TexasTERM	304,923				1 day	AAAm
Lone Star Investment Pool	17,580				1 day	AAAm
Texas CLASS	211,980				1 day	AAAm
	10,997,253					
Non-negotiable certificate of deposit	19,619,347				428 days	N/A
Total investments	$ 40,726,928					

B. Investments

Investment Pools and non-negotiable Certificates of Deposit are measured at amortized cost or net asset value and are exempt from fair value reporting and therefore have been excluded from the hierarchy.

The TexStar, TexasTerm, Lone Star and Texas CLASS are external investment pools measured at NAV. These investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. Each of these investment pools has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity. These investment pools are authorized by the Texas Legislature. The Texas Treasury Safekeeping Trust Company is the trustee and is a limited purpose trust company authorized pursuant to Texas Government Code.

Interest Rate Risk — In accordance with its investment policy, the City manages its exposure to declines in fair market values by investing operating funds primarily in short-term securities, money market mutual funds or similar investment pools. Furthermore, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase.

Credit Risk — It is the City's policy to follow statutes, which authorize the City to invest in obligations of the U. S. Treasury agencies and instrumentalities, obligations of the state of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's assets in investment pools meet this requirement as noted above.

Custodial Credit Risk — Investments — In accordance with its investment policy, the City minimizes custodial credit risk by limiting investments to the safest types of investment vehicles, prequalifying the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Currently, all investments are registered in the City's name.

Custodial Credit Risk — Deposits — The City's deposits do not have any exposure to credit risk because all deposits in financial institutions are fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a value of not less than the principal amount of the deposits. The collateral is held by a third-party custodial bank as the City's agent.

Concentration of Credit Risk — The City limits investments to avoid concentration in securities from a specific issuer or business sector (where appropriate). As noted above, the City's investments are distributed into a variety of allowable investment vehicles. Management does not believe there is a significant risk of loss due to the credit rating and nature of the investments.

Following is a reconciliation of the City's deposit and investment balances at September 30, 2017 to the government-wide statement of net position:

	Balance at September 30, 2017
Investments	$ 40,726,928
Deposits and cash on hand	13,472,400
	$ 54,199,328

	Government-wide Statement of Net Position
Cash and cash equivalents	$ 24,033,569
Investments	19,619,347
Restricted Investments with Trustee	10,546,412
	$ 54,199,328

Note 3. Receivables and Governmental Funds Deferred Inflows

Receivables, including amounts due from other governments, as of September 30, 2017, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Proprietary Funds		
	General	Debt Service	Economic Development	Nonmajor Governmental	Water and Sewer	Stormwater Utility	Total
Receivables							
Taxes							
Delinquent property taxes	$ 238,280	$ 151,772	$ -	$ -	$ -	$ -	$ 390,052
Sales taxes	1,394,907	-	464,969	-	-	-	1,859,876
Franchise	834,384	-	-	-	-	-	834,384
Other	56,662	-	-	-	-	-	56,662
Accounts	519,405	-	737	115,252	3,578,675	265,869	4,479,938
Other	366,871	1,433	-	281,241	-	-	649,545
Gross receivables	3,410,509	153,205	465,706	396,493	3,578,675	265,869	8,270,457
Less allowance for uncollectibles	(41,000)	(26,780)	-	-	-	-	(67,780)
Net total receivables	$ 3,369,509	$ 126,425	$ 465,706	$ 396,493	$ 3,578,675	$ 265,869	$ 8,202,677

Governmental funds report deferred inflows in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period.

At the end of the year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (General Fund)	$ 188,844
Delinquent property taxes receivable (Debt Service Fund)	119,482
Delinquent ambulance receivable (General Fund)	209,125
Assessments (Nonmajor Governmental)	241,646
Total deferred inflows for governmental funds	$ 759,097

Note 4. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real property and personal business property located in the City. The assessed value upon which the fiscal 2016 levy was based was $3,534,315,952. The appraisal function is performed by the Tarrant County Appraisal District.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by Home Rule Charter to $1.50 per $100 of assessed valuation for general governmental services and payment of principal and interest on long-term debt. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2017, was $.476509 per $100 of assessed valuation.

Taxes are due by January 31 following the levy date. Current tax collection for the year ended September 30, 2017, was 99.6% of the tax levy.

Uncollected property taxes levied for the current fiscal year are recognized as receivables, and are deemed collectible in full.

Note 5. Interfund Transfers

Interfund transfers are payments between funds that are designed to cover various operating and overhead expenses and to allocate charges for services performed by one fund on behalf of another fund.

Individual fund transfers for the year ended September 30, 2017, were:

	Transfer In			
	General	Debt Service	Water and Sewer	Total
Transfers out				
Economic Development 4B	$ -	$ 1,391,872	$ -	$ 1,391,872
Nonmajor Governmental	128,690	-	-	128,690
Water and Sewer	2,359,853	-	-	2,359,853
Stormwater Utility	337,841	-	191,426	529,267
Total transfers out	$ 2,826,384	$ 1,391,872	$ 191,426	$ 4,409,682

Note 6. Interfund Assets/Liabilities

Interfund balances reflect payments made by one fund on behalf of another fund for which cash settlement has not been made as of the end of the accounting period. Amounts due to and from other funds will be settled within the next accounting period. As of September 30, 2017 the only interfund balance outstanding was between the General fund and a nonmajor governmental fund as follows:

	Due From
	Nonmajor Governmental
Due To	
General Fund	$ 25,452
Total	$ 25,452

The due to the General Fund from the Various Grants Fund is the result of the General Fund funding purchases prior to the receipt of grant funding.

Note 7. Capital Assets

The following tables summarize changes in capital assets during the year ended September 30, 2017:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 7,261,343	$ -	$ -	$ -	$ 7,261,343
Construction in progress	3,691,412	417,776	-	(3,344,114)	765,074
Total assets not being depreciated	10,952,755	417,776	-	(3,344,114)	8,026,417
Capital assets, being depreciated					
Buildings and improvements	25,733,741	34,428	-	-	25,768,169
Equipment	29,488,422	2,097,051	(37,000)	-	31,548,473
Improvements other than buildings	126,016,557	514,347	-	3,344,114	129,875,018
Total capital assets being depreciated	181,238,720	2,645,826	(37,000)	3,344,114	187,191,660
Less accumulated depreciation					
Buildings and improvements	(12,871,169)	(704,234)	-	-	(13,575,403)
Equipment	(25,619,084)	(1,306,876)	37,000	-	(26,888,960)
Improvements other than buildings	(112,572,786)	(2,933,590)	-	-	(115,506,376)
Total accumulated depreciation	(151,063,039)	(4,944,700)	37,000	-	(155,970,739)
Total capital assets being depreciated, net	30,175,681	(2,298,874)	-	3,344,114	31,220,921
Governmental activities capital assets, net	$ 41,128,436	$ (1,881,098)	$ -	$ -	$ 39,247,338
Business-type Activities					
Capital assets, not being depreciated					
Land	$ 100,255	$ -	$ -	$ -	$ 100,255
Construction in progress	2,227,097	2,957,237	(149,861)	(4,600,688)	433,785
Total assets not being depreciated	2,327,352	2,957,237	(149,861)	(4,600,688)	534,040
Capital assets, being depreciated					
Buildings and improvements	601,657	-	-	-	601,657
Equipment	3,825,320	172,497	-	-	3,997,817
Utility distributions	78,980,220	732,667	-	4,600,688	84,313,575
Total capital assets being depreciated	83,407,197	905,164	-	4,600,688	88,913,049
Less accumulated depreciation					
Buildings and improvements	(530,287)	(7,576)	-	-	(537,863)
Equipment	(3,164,273)	(221,765)	-	-	(3,386,038)
Utility distributions	(34,017,967)	(1,808,910)	-	-	(35,826,877)
Total accumulated depreciation	(37,712,527)	(2,038,251)	-	-	(39,750,778)
Total capital assets being depreciated, net	45,694,670	(1,133,087)	-	4,600,688	49,162,271
Business-type activities capital assets, net	$ 48,022,022	$ 1,824,150	$ (149,861)	$ -	$ 49,696,311

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities		
General government	$	58,562
Community services		50,666
Public services		2,471,968
Public safety		1,248,028
Leisure services		1,044,514
Administrative services		70,962
Total depreciation expense – governmental activities	$	4,944,700
Business-type Activities		
Water and sewer	$	1,720,341
Stormwater collection and disposal		317,910
Total depreciation expense – business-type activities	$	2,038,251

Note 8. Long-term Liabilities

The following is a summary of the long-term liabilities of the City for the year ended September 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One-Year
Governmental Activities					
General/Contractual obligation bonds/Tax notes	$ 26,815,000	$ 1,105,000	$ (5,740,000)	$ 22,180,000	$ 4,525,000
Premium on debt	786,192	-	(156,473)	629,719	156,473
Capital lease	221,375	323,221	(174,341)	370,255	174,036
Compensated absences	3,487,207	1,898,089	(1,745,560)	3,639,736	1,213,246
Net pension liability	11,268,475	438,328	-	11,706,803	-
Other post-employment benefits	605,944	157,405	-	763,349	-
Governmental activities long-term liabilities	$ 43,184,193	$ 3,922,043	$ (7,816,374)	$ 39,289,862	$ 6,068,755
Business-type Activities					
Certificates of obligation	$ 44,775,000	$ -	(1,655,000)	$ 43,120,000	$ 1,720,000
Premiums on debt	101,899	-	(11,062)	90,837	10,891
Compensated absences	231,973	202,388	(181,314)	253,047	84,349
Net pension liability	1,252,053	48,703	-	1,300,756	-
Other post-employment benefits	25,248	-	(9,669)	15,579	-
Business-type activities long-term liabilities	$ 46,386,173	$ 251,091	$ (1,857,045)	$ 44,780,219	$ 1,815,240

In October 2016, the City issued $1,105,000 of Tax Notes, Series 2016. These certificates have biannual payments in February and August with an interest rate of 1.3% ranging from 0.22% to 2.65%, maturing February 1, 2021. Proceeds from this issuance are for capital outlay.

Governmental long-term debt consists of the following individual issues at September 30, 2017:

Series	Original Issue	Interest Rate	Debt Outstanding
General Obligation Bonds			
Series 2005 General Obligation Refunding Bonds	28,600,000	3.25% – 5.0%	$ 3,355,000
Series 2007 General Obligation Bonds	4,000,000	3.875% – 5.0%	2,425,000
Series 2010 General Obligation Bonds	4,885,000	2.0% – 5.0%	3,770,000
Series 2011 General Obligation Refunding and Improvement Bonds	8,185,000	2.0% – 4.375%	2,015,000
Series 2013 General Obligation Refunding and Improvement Bonds	5,375,000	2.0% – 4.0%	3,775,000
Series 2014 General Obligation Bonds	3,200,000	2.0% – 4.0%	2,870,000
Certificates of Obligation			
Series 2011 General Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	1,430,000
Contractual Obligations			
Series 2014 Public Property Finance Contractual Obligations	2,300,000	1.0% – 2.5%	1,655,000
Tax Notes			
Series 2016 Tax Notes	1,105,000	1.30%	885,000
Total General Obligation, Certificates of Obligation Contractual Bonds, and Tax Notes			$ 22,180,000

Business-type long-term debt consists of the following individual issues at September 30, 2017:

Series	Original Issue	Interest Rate	Debt Outstanding
General Obligation Bonds			
Series 2011 General Obligation Refunding and Improvement Bonds	$ 8,185,000	2.0% – 4.375%	$ 2,715,000
Certificates of Obligation			
Series 2007 Certificates of Obligation	4,975,000	3.875% – 4.25%	3,015,000
Series 2010 Certificates of Obligation	2,035,000	3.0% – 4.125%	1,575,000
Series 2011 Combination Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	3,175,000
Series 2012 Combination Tax and Revenue Certificates of Obligation	630,000	0.09% – 1.4%	480,000
Series 2012A Combination Tax and Revenue Certificates of Obligation	4,270,000	1.0% – 2.75%	3,410,000
Series 2015 Combination Tax and Revenue Certificates of Obligation	30,000,000	0.22% – 3.210%	28,750,000
Total General Obligation and Certificates of Obligation			$ 43,120,000

The City entered into a capital lease agreement in November 2016 for the purchase of police interceptors. The leased property under capital lease is classified as equipment with the total capitalized cost of $300,721 and an amortized value of approximately $240,577 at September 30, 2017.

Capital leases entered into prior to fiscal year 2017 totaled $567,381, is classified as equipment, and has an amortized value of approximately $113,476 at September 30, 2017.

Capital lease amortization expense has been included in depreciation expense for the year ended September 30, 2017.

The annual debt service requirement to amortize the bonds, certificates of obligation and capital lease obligations outstanding at September 30, 2017, follows:

Governmental Activities:

Year Ending September 30	Bonded Debt Obligations	Capital Lease	Interest	Total
2018	$ 4,525,000	$ 174,036	$ 677,306	$ 5,376,342
2019	2,355,000	114,379	551,086	3,020,465
2020	2,385,000	81,840	482,657	2,949,497
2021	2,095,000	-	419,601	2,514,601
2022	1,780,000	-	364,464	2,144,464
2023-2027	5,510,000	-	1,175,439	6,685,439
2028-2032	2,965,000	-	367,469	3,332,469
2033-2034	565,000	-	20,500	585,500
	$ 22,180,000	$ 370,255	$ 4,058,522	$ 26,608,777

Business-type Activities:

Year Ending September 30	Debt Obligations	Interest	Total
2018	1,720,000	1,214,173	$ 2,934,173
2019	1,610,000	1,181,296	2,791,296
2020	1,665,000	1,147,484	2,812,484
2021	1,725,000	1,110,383	2,835,383
2022	1,795,000	1,069,302	2,864,302
2023-2027	9,935,000	4,570,266	14,505,266
2028-2032	8,240,000	3,207,572	11,447,572
2033-2037	5,555,000	2,241,171	7,796,171
2038-2042	6,475,000	1,334,391	7,809,391
2043-2045	4,400,000	285,530	4,685,530
	$ 43,120,000	$ 17,361,568	$ 60,481,568

Note 9. Retirement Plan

A. Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	114
Active employees	341
Total	497

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City are required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.02% and 8.94% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were $1,924,529, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability

Changes in the Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of September 30, 2016	$ 26,539,947	14,019,419	$ 12,520,528
Changes for the year:			
Service cost	2,676,451	-	2,676,451
Interest on total pension liability	1,866,228	-	1,866,228
Effect of difference in expected and actual experience	77,844	-	77,844
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(460,701)	(460,701)	-
Administrative expenses	-	(10,700)	10,700
Employer contributions	-	1,705,987	(1,705,987)
Net investment income	-	949,763	(949,763)
Employee contributions	-	1,489,019	(1,489,019)
Other	-	(577)	577
Net changes	4,159,822	3,672,791	487,031
Balances as of September 30, 2017	$ 30,699,769	$ 17,692,210	$ 13,007,559

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	$ 17,298,410	$ 13,007,559	$ 9,340,063

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the city recognized pension expense of $2,323,004.

At September 30, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	$ -	$ 365,510
Difference in assumptions changes	537,652	-
Difference between projected and actual earnings on pension plan investments	511,671	-
Contributions subsequent to the measurement date	1,441,229	-
Total	$ 2,490,552	$ 365,510

$1,441,230 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,		
2018	$	204,378
2019		204,377
2020		180,978
2021		25,098
2022		25,790
Thereafter		43,192
Total	$	683,813

Note 10. Post-employment Health Care Plan

A. Plan Description and Funding Policy

Starting January 1, 2010, the City began requiring participants who are active employees with less than 20 years of service or 60 years or more of age with less than 5 years of service to contribute an age-based full-cost premium if they choose to remain on the City's health care plan upon retirement. In return, the City will make scheduled annual contributions into a retiree health savings plan in the name of each eligible employee who has 10 years of service or more. Employees are 50% vested at 20 years of service and 100% vested at 30 years of service.

Under provisions of GASB Statement No. 45, employees who will be required to contribute the full age-based cost of coverage for the City's health plan do not receive another post-employment benefit.

Retiring employees will pay either age-based or blended premiums depending on their status as "grandfathered" or "non-grandfathered." Blended premiums blend the cost of providing health coverage to both active employees and retirees, and will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

B. Grandfathered Employees

As of January 1, 2010, employees that have 20 years of continuous service with the City or employees having 5 years of continuous service and have reached the age of 60 will be eligible to purchase City health benefits at blended rates upon the date of their retirement if they are less than age 65. Employees who meet the requirements to stay on the plan will continue to pay both employee and employer required contributions for the retiree health plan chosen for themselves and eligible dependents. Employer and employee required contributions are detemiined annually by plan as part of the City's annual budget. If the spouse or eligible dependents are on the plan at the time of the employee's retirement, they can remain on the plan, until which time they are no longer eligible.

C. Non-Grandfathered Employees

Employees who do not meet the eligibility requirements to stay on the plan will pay age-based premiums for the retiree health plan chosen for themselves and eligible dependents. These employees will participate in the City's retiree health savings plan.

D. Policy Information

Retiree Health Plan Benefit Eligibility
To be eligible for retiree health benefits, employees must meet the following criteria:

- Any employee who is covered under the City's health plan at the effective date of (the employee's) retirement, who is less than age 65, and who meets the "retiree" definition (as described below) may elect to continue health insurance coverage under the plan.
- Employees who are eligible and elect to stay on the plan will be required to begin paying monthly premiums immediately upon retirement.
- Employees eligible for retiree health insurance may also continue coverage for any dependents following the employee's retirement, provided the dependents were covered under the employee's health insurance as of the effective date of the employee's retirement and the appropriate enrollment forms are completed within 30 days of retirement. Anyone electing this coverage must meet all of the eligibility rules of the plan.

NOTE: When a covered retiree's spouse is employed at the time the City of Bedford employee retires, an exception to this policy may be made. The spouse may elect coverage under the City's health plan if the spouse's employment ends or the spouse's employer discontinues coverage.

- Dependents who are covered under the retiree's health insurance at the time of the retiree's death may continue coverage as follows: (a) the spouse may continue coverage following the death of the retiree until such time as the spouse remarries, dies or reaches age 65 (b) any other eligible dependent(s), as defined by the City's self-funded plan, may continue to be covered under retiree health insurance as long as all eligibility requirements of the City's plan are met.

Retiree Health Plan Benefit Coverage
Retirees are able to maintain retiree coverage through the City until they reach age 65 (see section below). Retirees cannot drop the City's plan and re-elect retiree benefits at a later date unless they become re-employed by the City. If this is the case, they must re-enroll into the City's retiree insurance program within 30 days of the termination from the City's re-employment.

- Retirees are able to choose from and elect the same plans offered to active employees during open enrollment each year until they reach age 65.
- Retirees who decide to elect the City's retiree health benefits will pay either age based on blended premiums depending on their status as "grandfathered" or "non-grandfathered."
- Blended premiums blend the cost of providing health coverage to both active employees and retirees, will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

Retirees Age 65 or Older
Effective January 1, 2010, retirees who are Medicare eligible or age 65 or older will have access to a more cost effective and comparable Medicare Supplement or Medicare Advantage Plan and will no longer have access to the City's health plan. Retirees will continue to have access to the City's dental plan.

- Retirees who choose to obtain coverage elsewhere may later elect one of the City's Medicare Supplement or Medicare Advantage plans when they become eligible for Medicare.
- Retirees' dependents who are under 65 years of age will be able to maintain coverage through the City's health plan. Once a dependent reaches age 65, the dependent will no longer be able to access the City's health plan, but will be able to select either the Medicare Supplement or Medicare Advantage Plan which is less expensive than the current retiree premiums and is comparable to or offers a richer benefit than the City's health plan.

- If the employee is 65 years of age or older, but is not Medicare eligible, the City will evaluate the cost of Medicare Part A premiums each year and determine whether the City will reimburse the employee for the purchase of Medicare Part A (on behalf of the retiree or whether to allow the retiree to pay the premium to stay on the City's health plan). Retirees in this situation will be notified of this determination at the end of each year for the following plan year.

E. Applicability

This policy applies to all regular full-time employees.

F. Definitions

Retiree — is defined as an employee who has effected retirement with the City and is eligible to retire according to the City's pension plan guidelines.

G. Policy Authority

The City Council authorizes this policy. The City's management team and Human Resources are responsible for interpreting and enforcing this policy.

H. Implementation Procedures

Employees eligible for retiree health insurance will be given written notification from Human Resources explaining their eligibility to elect retiree health insurance, the applicable premium rates for the type of coverage(s) they are eligible to continue and the procedures the employee must follow in order to elect retiree health insurance. They will also be given an election form on which to make their health insurance elections.

Employees eligible for retiree health insurance must complete the retiree health insurance election foul' and remit the appropriate premium payment as outlined in the retiree medical information packet within 30 days following the effective date of the employee's retirement; otherwise, the retiree will automatically forfeit his/her right to continue health insurance under this policy, except as provided by federal law.

Retirees who are not age 65 and who are eligible for and elect retiree coverage through the City will receive notification from the City's Human Resources Department of the discontinuation of their retiree coverage along with enrollment information for the Medicare Supplement and Medicare Advantage plans upon turning age 65.

Termination of Retiree Health Plan Coverage
Retiree health insurance will automatically terminate for the retiree and/or covered dependents upon the earliest of the following occurrences:

- The City ceases to provide group health insurance.
- Retiree/retiree's dependent(s) fail to remit the monthly premium payment to the City's Human Resources Department by the last day of each month.
- The retiree returns to active employment status with the City and becomes covered under a City sponsored health plan.
- Dependent(s) of the retiree cease to meet the eligibility requirements of the City's medical plan.

Note 11. Other Post-Employment Benefits

A. Plan Description

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

B. Benefits Provided

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage an employee must qualify under all three of the following:

- The retiree must have been covered for medical benefits under the City health plan as an employee immediately prior to termination of employment.
- Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than 90 days from termination of employment.
- Enroll for retiree health coverage within 30 days of the date of termination. Annual Funding Policy

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving PPO medical benefits contribute 50% — 80% per month for retiree-only coverage, 50% — 80% per month for retiree and spouse and 50% — 80% per month for retiree and family.

C. Annual OPEB Costs

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City's annual OPEB cost for the past three years and the related information is listed below:

	September 30,		
	2017	2016	2015
Annual required contribution	$ 243,772	$ 243,772	$ 243,772
Interest on prior year net OPEB obligation	28,404	22,205	15,190
Adjustment to annual required contribution	(47,464)	(36,007)	(23,954)
	224,712	229,970	235,008
Annual OPEB cost			
Contributions made	(76,976)	(92,224)	(79,126)
Increase in net OPEB obligation	147,736	137,746	155,882
Net obligation, beginning of year	631,192	493,446	337,564
Net obligation, end of year	$ 778,928	$ 631,192	$ 493,446
Percentage of OPEB costs contributed	34%	40%	34%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year are calculated using a 4.5% discount rate, and the Projected Unit Credit Cost method.

D. Funded Status and Funding Progress

The funded status of the plan as of actuarial measurement date of December 31, 2014, was as follows:

Actuarial accrued liability	2,827,600
Actuarial value of plan assets	32,933
Unfunded actuarial accrued liability	$ 2,794,667
Funded ratio	1.2%
Covered payroll	2,717,304
Unfunded actuarial accrued liability as a percentage of covered payroll	102.8%

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014, actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.5% after a number of years. Both rates include a 3.0% inflation assumption. The actuarial value of the plan's assets was set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.5%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014, was 25 years.

Note 12. Tax Abatements and Economic Incentive Agreements

Tax Abatements under Chapter 312 of the Texas Tax Code and economic incentive agreements under Chapter 380 of the Texas Tax Code allow the City to negotiate tax abatement agreements and economic incentive agreements with applicants. These agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under these programs were $25,588 in fiscal year 2017.

Note 13. Commitments and Contingencies

A. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Risk Pool) to provide insurance for workers' compensation benefits, liability and property coverage.

At September 30, 2017, the Risk Pool was self-sustaining based on premiums charged, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience. The City is not liable for payments beyond the annual contributions.

The Risk Pool has purchased stop-loss coverage to protect the assets of the pool from catastrophic losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage during the current year.

B. Trinity River Authority of Texas

In 1972, the City entered into a contract with the Trinity River Authority (TRA) for the purchase of water. The contract shall remain in effect until all bonds, including refunding bonds, have been paid.

Under the terms of the contract, the City is obligated to pay its proportional share of operating and maintenance expenses and debt service charges by the TRA based on the ratio of estimated water usage for the ensuing year to the total estimated water usage. Total purchases during fiscal year 2017 were $7,542,646.

In 1973, the City entered into a 50-year contract with the TRA for the transportation, treatment, and disposal of sanitary sewage actually discharged and to share in the cost of operation and maintenance of the system. Total payments of $3,613,778 were made in fiscal year 2017. Additionally, $323,849 was spent with the City of Hurst for the transportation, treatment and disposal of sanitary sewage as well.

C. Litigation

Various claims and lawsuits are pending against the City. In the opinion of the City's legal counsel and management, the potential loss on all claims after insurance will not be significant to the City's financial statements.

D. State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, should not be material.

Note 14. Prior Period Adjustment

The restatement of fund balance and net position represents escrow development fees previously recorded as liabilities instead of recognized as revenue and restricted for future street and landscaping improvements. The effect of the correction on beginning fund balance for the General Fund and the Street and Drainage Fund are as follows:

	General Fund	Street and Drainage
Fund balance - October 1	$ 12,300,198	$ 1,859,639
Prior period adjustment	35,464	414,646
Fund balance - October 1, restated	$ 12,335,662	$ 2,274,285

The effect of the correction on beginning net position of Governmental Activities in the Government-Wide Statements is as follows:

	Governmental Activities
Net position - October 1	$ 21,841,480
Prior period adjustment	450,110
Net position - October 1, restated	$ 22,291,590

Note 15. Subsequent Events

In November 2017, the City issued $20,000,000 of Combination Tax and Surplus Revenue Certificate of Obligation, Series 2017 for the purpose of improving and extending the City's waterworks system. The obligations are payable over the next 30 years bearing interest rates of 0.69-3.02%.

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Required Supplementary Information

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City of Bedford, Texas
Schedule of Funding Progress
Post-employment Health Care Plan
September 30, 2017

Actuarial Valuation Date	Plan	Actuarial Value of Assets [1]	Actuarial Accrual Liability (AAL) [2]	Funded Ratio [3] [1]/[2]	Unfunded AAL (UAAL) [4] [2]-[1]	Covered Payroll [5]	UAAL as a Percentage of Covered Payroll [6] [4]/[5]
12/31/2011	OPEB	27,970	$ 1,138,070	2.5%	$ 1,110,100	$ 3,596,883	31%
12/31/2014	OPEB	32,933	2,827,600	1.2%	2,794,667	2,717,304	103%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Under the reporting parameters, the City's retiree health care plan is 1.2% funded with an estimated actuarial accrued liability exceeding actuarial assets by $2,794,667 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 103%.

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

City of Bedford, Texas

Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Three Fiscal Years

	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	$ 1,588,982	$ 2,515,193	2,676,451
Interest (on the Total Pension Liability)	1,439,551	1,643,314	1,866,228
Changes of benefit terms	1,308,563	-	-
Changes in assumptions	-	711,649	-
Difference between expected and actual experience	(233,110)	(368,820)	77,844
Benefit payments, including refunds of employee contributions	(335,835)	(359,420)	(460,701)
Net change in total pension liability	3,768,151	4,141,916	4,159,822
Total pension liability - beginning	18,629,880	22,398,031	26,539,947
Total pension liability - ending (a)	22,398,031	26,539,947	30,699,769
PLAN FIDICIARY NET POSITION			
Contributions - employer	1,032,810	1,611,071	1,705,987
Contributions - employee	972,517	1,387,526	1,489,019
Net investment income	525,939	16,795	949,763
Benefit payments, including refunds of employee contributions	(335,835)	(359,420)	(460,701)
Administrative expense	(5,486)	(10,223)	(10,700)
Other	(451)	(505)	(577)
Net change in plan fiduciary net position	2,189,494	2,645,244	3,672,791
Plan fiduciary net position - beginning	9,184,681	11,374,175	14,019,419
Plan fiduciary net position - ending (b)	11,374,175	14,019,419	17,692,210
Net pension liability - ending (a) - (b)	$11,023,856	$12,520,528	$13,007,559
Plan fiduciary net position as a percentage of total pension liability	50.78%	52.82%	57.63%
Covered employee payroll	$19,450,346	$21,351,384	$21,258,547
City's net pension liability as a percentage of covered employee payroll	56.68%	58.64%	61.19%

Other Information:
No changes in assumptions.

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Bedford, Texas
Schedule of City Contributions
Last Three Fiscal Years

	2015	2016	2017
Actuarially determined contribution	$ 1,399,303	$ 1,680,982	$ 1,924,529
Contributions in relation to the actuarially determined contribution	1,399,303	1,680,982	1,924,529
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 23,602,275	$ 22,649,265	$ 22,147,313
Contributions as a percentage of covered employee payroll	5.93%	7.42%	8.69%

Note to schedule:

Valuation Date: December 31, 2016
Actuarial determined contribution rates are calculated as of December 31st, each year and become effective in January, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:
There were no benefit changes during the year.

City of Bedford, Texas

Budgetary Comparison Schedule General Fund
Year Ended September 30, 2017

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes, penalty and interest	$ 22,914,835	$ 22,914,835	$ 22,714,729	$ (200,106)
Licenses, permits, and fees	683,750	683,750	982,054	298,304
Charges for services	4,186,980	4,186,980	3,067,148	(1,119,832)
Fines and forfeits	1,760,000	1,760,000	1,510,112	(249,888)
Support from other governmental entities	293,490	293,490	423,060	129,570
Interest	27,850	27,850	131,972	104,122
Miscellaneous	146,900	146,900	124,018	(22,882)
Total revenues	30,013,805	30,013,805	28,953,093	(1,060,712)
EXPENDITURES				
General government				
City Council	224,390	224,390	126,131	98,259
City Manager	656,598	656,598	870,391	(213,793)
City Secretary	248,703	248,703	261,742	(13,039)
Information systems	708,342	708,342	657,672	50,670
Human Resources	427,181	427,181	419,349	7,832
Total general government	2,265,214	2,265,214	2,335,285	(70,071)
Community services				
Economic development	220,895	220,895	184,768	36,127
Planning and zoning	378,992	378,992	363,114	15,878
Total community services	599,887	599,887	547,882	52,005
Public services				
Facilities maintenance	752,889	752,889	666,175	86,714
Maintenance services	339,011	339,011	290,538	48,473
Streets	1,201,205	1,201,205	954,672	246,533
Total public services	2,293,105	2,293,105	1,911,385	381,720
Administrative services				
Finance	566,089	566,089	548,186	17,903
Nondepartmental	1,146,500	1,146,500	1,229,860	(83,360)
Municipal court	678,891	678,891	646,522	32,369
Teen court	182,886	182,886	133,447	49,439
Total administrative services	2,574,366	2,574,366	2,558,015	16,351

City of Bedford, Texas

Budgetary Comparison Schedule General Fund – Continued
Year Ended September 30, 2017

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
EXPENDITURES				
Public safety				
Administration	926,861	926,861	929,682	(2,821)
Animal control	405,376	405,376	381,370	24,006
Criminal investigation division	1,753,193	1,753,193	1,598,034	155,159
Community services	921,877	921,877	901,859	20,018
Code compliance	505,225	505,225	388,936	116,289
SWAT	16,090	16,090	17,227	(1,137)
Patrol	4,495,081	4,495,081	4,593,816	(98,735)
Traffic	857,144	857,144	757,307	99,837
Dispatch	824,846	824,846	818,823	6,023
Jail	876,812	876,812	781,676	95,136
Records	438,085	438,085	409,445	28,640
Repeat victimization unit	313,373	313,373	311,400	1,973
Fire operations	8,083,484	8,083,484	8,130,853	(47,369)
Total public safety	20,417,447	20,417,447	20,020,428	397,019
Leisure services				
Library	1,579,435	1,579,435	1,479,464	99,971
Parks	1,477,479	1,477,479	1,422,858	54,621
Recreation	644,552	644,552	633,808	10,744
Senior citizens	280,241	280,241	274,231	6,010
Splash	417,831	417,831	418,484	(653)
Total leisure services	4,399,538	4,399,538	4,228,845	170,693
Capital outlay	253,700	253,700	739,778	(486,078)
Debt service	-	-	188,835	(188,835)
Total expenditures	32,803,257	32,803,257	32,530,453	272,804
Excess (deficiency) of revenues over expenditures	(2,789,452)	(2,789,452)	(3,577,360)	(787,908)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,931,284	2,931,284	2,826,384	(104,900)
Proceeds from capital leases	-	-	323,221	323,221
Proceeds from sale of capital asset	5,000	5,000	8,329	3,329
Insurance proceeds	15,000	15,000	23,290	8,290
Total other financing sources (uses)	2,951,284	2,951,284	3,181,224	229,940
NET CHANGES IN FUND BALANCE	161,832	161,832	(396,136)	(557,968)
FUND BALANCE, BEGINNING OF YEAR, RESTATED	12,335,662	12,335,662	12,335,662	-
FUND BALANCE, END OF YEAR	$ 12,497,494	$ 12,497,494	$ 11,939,526	$ (557,968)

City of Bedford, Texas
Budgetary Comparison Schedule
Economic Development 4B Fund
Year Ended September 30, 2017

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes, penalty and interest	$2,732,650	$2,732,650	$2,776,931	$ 44,281
Interest	8,000	8,000	31,517	23,517
Total revenues	2,740,650	2,740,650	2,808,448	67,798
EXPENDITURES				
Current				
Public services	1,761,590	1,761,590	1,026,087	735,503
Capital outlay	2,038,050	2,038,050	232,489	1,805,561
Total expenditures	3,799,640	3,799,640	1,258,576	2,541,064
Excess (deficiency) of revenues over expenditures	(1,058,990)	(1,058,990)	1,549,872	2,608,862
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,391,600)	(1,391,600)	(1,391,872)	(272)
Insurance proceeds	-	-	19,297	19,297
Total other financing sources (uses)	(1,391,600)	(1,391,600)	(1,372,575)	19,025
NET CHANGES IN FUND BALANCE	(2,450,590)	(2,450,590)	177,297	2,627,887
FUND BALANCE, BEGINNING OF YEAR	3,612,967	3,612,967	3,612,967	-
FUND BALANCE, END OF YEAR	$1,162,377	$1,162,377	$3,790,264	$ 2,627,887

Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted for the General, Debt Service, Court Security, Court Technology, Drug Forfeiture, Tourism Development, Park Donation, Bedford Beautification, Economic Development, Red Light Cameras and Public Safety Training funds using the modified accrual basis of accounting.

The City Council follows these procedures in establishing budgetary data reflected in the financial statements:

- Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council after public hearings.
- All unexpended appropriations lapse at year-end.

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Combining Fund Statements and Schedules

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City's nonmajor special revenue funds are as follows:

Miscellaneous Donations Fund – This fund is used to account for miscellaneous designated contributions from citizens and other governments.

Court Security Fund – This fund accounts for monies collected under state statute designated to provide security for the Municipal Court facilities.

Court Technology Fund – This fund is used for monies collected under state statute designed to provide increased technology for the Municipal Court facilities.

Park Donation Fund – This fund is used for contributions from citizens designated for park improvements.

Drug Forfeiture Fund – This fund accounts for monies received from participation in federal drug enforcement activities.

Bedford Beautification Fund – This fund accounts for revenue and expenditures related to various citywide beautification programs proposed by the City's Beautification Commission.

Public Safety Training Fund – This fund accounts for funds received from state surplus to be used for police training.

Tourism Development Fund – This fund accounts for hotel/motel taxes received.

Red Light Cameras Fund – This fund accounts for revenues generated from red light camera fines.

NETCO/Motorola Rebanding Fund– This fund accounts for the City's portion of proceeds received from Motorola for Northeast Tarrant County Trunked Radio Consortium (NETCO). Resolution No. 07-53.

Various Grants Fund– This fund accounts for revenues and expenditures from multiple grants, the majority of which pertain to energy conservation.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Street and Drainage Fund– to account for construction projects funded by developer agreements and assessments.

Capital Projects Fund– to account for construction projects funded from major resources such as general obligation bonds, certificates of obligation, short-term obligations and operating funds for governmental purposes.

City of Bedford, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds					
	Miscellaneous Donation	Court Security	Court Technology	Park Donation	Drug Forfeiture	Bedford Beautification
ASSETS						
Cash and cash equivalents	$ 69,587	$ 927	$ 34,356	$ 64,804	$ 83,741	$ 55,381
Investments	-	-	50,851	-	-	-
Receivables						
Accounts	87	-	287	564	-	-
Other	-	-	-	-	-	-
Total Assets	69,674	927	85,494	65,368	83,741	55,381
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts and contract payable	5,274	-	170	-	18	125
Escrow	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	5,274	-	170	-	18	125
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	-
Fund Balances - Restricted for						
Street and drainage improvements	-	-	-	-	-	-
Capital acquisition and construction	-	-	-	-	-	-
Public safety	-	927	85,324	-	83,723	-
Parks and beautification	-	-	-	65,368	-	55,256
Economic development	-	-	-	-	-	-
Other	64,400	-	-	-	-	-
Total Fund Balances	64,400	927	85,324	65,368	83,723	55,256
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 69,674	$ 927	$ 85,494	$ 65,368	$ 83,741	$ 55,381

Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
Public Safety Training	Tourism Development	Red Light Cameras	NETCO/ Motorola Rebanding	Various Grants	Street and Drainage	Capital Projects	
$ 25,943	$ 712,332	$ 15,021	$ 3,815	$ -	$ 1,127,046	$ 844,271	$ 3,037,224
-	-	-	-	-	1,263,256	-	1,314,107
-	112,234	-	-	-	2,080	-	115,252
-	-	10,846	-	28,749	241,646	-	281,241
25,943	824,566	25,867	3,815	28,749	2,634,028	844,271	4,747,824
551	149,254	10,558	-	3,297	-	16,000	185,247
-	-	-	-	-	-	-	-
-	-	-	-	25,452	-	-	25,452
-	-	-	-	-	-	-	-
551	149,254	10,558	-	28,749	-	16,000	210,699
-	-	-	-	-	241,646	-	241,646
-	-	-	-	-	2,392,382	-	2,392,382
-	-	-	-	-	-	828,271	828,271
25,392	-	15,309	-	-	-	-	210,675
-	-	-	-	-	-	-	120,624
-	675,312	-	-	-	-	-	675,312
-	-	-	3,815	-	-	-	68,215
25,392	675,312	15,309	3,815	-	2,392,382	828,271	4,295,479
$ 25,943	$ 824,566	$ 25,867	$ 3,815	$ 28,749	$ 2,634,028	$ 844,271	$ 4,747,824

City of Bedford, Texas

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2017

	Special Revenue Funds					
	Miscellaneous Donation	Court Security	Court Technology	Park Donation	Drug Forfeiture	Bedford Beautification
REVENUES						
Taxes, penalty and interest	$ -	$ -	$ -	$ -	$ -	$ -
Licenses, permits, and fees	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Fines and forfeitures	-	30,954	41,265	-	-	-
Support from governmental entities	-	-	-	-	10,076	-
Interest	637	4	1,519	566	714	498
Miscellaneous	64,543	-	-	23,568	-	10,020
Total revenues	65,180	30,958	42,784	24,134	10,790	10,518
EXPENDITURES						
Current						
Community services	-	-	-	-	-	-
Public safety	21,555	-	-	-	27,820	-
Administrative services	1,718	-	100,125	-	-	-
Leisure services	17,652	-	-	17,465	-	5,886
Capital outlay	24,489	-	-	-	-	-
Debt service						
Interest and fiscal agent fees	-	-	-	-	-	-
Total expenditures	65,414	-	100,125	17,465	27,820	5,886
Excess (Deficiency) of Revenues Over (Under) Expenditures	(234)	30,958	(57,341)	6,669	(17,030)	4,632
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	-	-	-	-
Transfers out	-	(30,100)	-	-	-	-
Total other financing sources (uses)	-	(30,100)	-	-	-	-
NET CHANGES IN FUND BALANCE	(234)	858	(57,341)	6,669	(17,030)	4,632
FUND BALANCE, BEGINNING OF YEAR, RESTATED	64,634	69	142,665	58,699	100,753	50,624
FUND BALANCE, END OF YEAR	$ 64,400	$ 927	$ 85,324	$ 65,368	$ 83,723	$ 55,256

Special Revenue Funds					Capital Projects Fund		Total Nonmajor Governmental Funds
Public Safety Training	Tourism Development	Red Light Cameras	NETCO/ Motorola Rebanding	Various Grants	Street and Drainage	Capital Projects	
$ -	1,070,774	$ -	$ -	$ -	$ -	$ -	$ 1,070,774
-	-	-	-	-	74,273	-	74,273
-	265,715	-	-	-	-	-	265,715
-	-	140,563	-	-	19,431	-	232,213
6,332	-	-	-	154,666	-	100,000	271,074
225	6,385	175	34	-	24,393	11,035	46,185
-	1,656	-	-	-	-	-	99,787
6,557	1,344,530	140,738	34	154,666	118,097	111,035	2,060,021
-	1,196,902	-	-	-	-	-	1,196,902
4,714	-	138,331	-	30,851	-	-	223,271
-	-	-	-	-	-	-	101,843
-	-	-	-	36,613	-	-	77,616
-	276,193	-	-	87,202	-	1,557,811	1,945,695
-	-	-	-	-	-	13,960	13,960
4,714	1,473,095	138,331	-	154,666	-	1,571,771	3,559,287
1,843	(128,565)	2,407	34	-	118,097	(1,460,736)	(1,499,266)
-	-	-	-	-	-	1,105,000	1,105,000
-	(98,590)	-	-	-	-	-	(128,690)
-	(98,590)	-	-	-	-	1,105,000	976,310
1,843	(227,155)	2,407	34	-	118,097	(355,736)	(522,956)
23,549	902,467	12,902	3,781	-	2,274,285	1,184,007	4,818,435
$ 25,392	$ 675,312	$ 15,309	$ 3,815	$ -	$ 2,392,382	$ 828,271	$ 4,295,479

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Nonmajor Governmental Funds

Special Revenue Funds

Annual budgets are adopted using the modified accrual basis of accounting for the following funds.

City of Bedford, Texas
Individual Schedules of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds
Year Ended September 30, 2017

	Court Security			
	Original Budget	Final Budget	Actual	Variance from Budget
REVENUES				
Taxes, penalty and interest	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-
Fines and forfeitures	40,000	40,000	30,954	(9,046)
Support from governmental entities	-	-	-	-
Interest	-	-	4	4
Miscellaneous	-	-	-	-
Total revenues	40,000	40,000	30,958	(9,042)
EXPENDITURES				
Current				
Community services	-	-	-	-
Public safety	-	-	-	-
Administrative services	-	-	-	-
Leisure services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,000	40,000	30,958	(9,042)
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,000)	(40,000)	(30,100)	9,900
Total other financing sources (uses)	(40,000)	(40,000)	(30,100)	9,900
NET CHANGES IN FUND BALANCE	-	-	858	858
FUND BALANCE, BEGINNING OF YEAR	69	69	69	-
FUND BALANCE, END OF YEAR	$ 69	$ 69	$ 927	$ 858

Court Technology				Park Donation			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
50,000	50,000	41,265	(8,735)	-	-	-	-
-	-	-	-	-	-	-	-
200	200	1,519	1,319	125	125	566	441
-	-	-	-	14,000	14,000	23,568	9,568
50,200	50,200	42,784	(7,416)	14,125	14,125	24,134	10,009
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39,180	39,180	100,125	(60,945)	-	-	-	-
-	-	-	-	10,000	10,000	17,465	(7,465)
64,540	64,540	-	64,540	-	-	-	-
103,720	103,720	100,125	3,595	10,000	10,000	17,465	(7,465)
(53,520)	(53,520)	(57,341)	(3,821)	4,125	4,125	6,669	2,544
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(53,520)	(53,520)	(57,341)	(3,821)	4,125	4,125	6,669	2,544
142,665	142,665	142,665	-	58,699	58,699	58,699	-
$ 89,145	$ 89,145	$ 85,324	$ (3,821)	$ 62,824	$ 62,824	$ 65,368	$ 2,544

City of Bedford, Texas
Individual Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds – Continued
Year Ended September 30, 2017

	Bedford Beautification			
	Original Budget	Final Budget	Actual	Variance from Budget
REVENUES				
Taxes, penalty and interest	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-
Fines and forfeitures	-	-	-	-
Support from governmental entities	-	-	-	-
Interest	150	150	498	348
Miscellaneous	10,000	10,000	10,020	20
Total revenues	10,150	10,150	10,518	368
EXPENDITURES				
Current				
Community services	-	-	-	-
Public safety	-	-	-	-
Administrative services	-	-	-	-
Leisure services	10,000	10,000	5,886	4,114
Capital outlay	-	-	-	-
Total expenditures	10,000	10,000	5,886	4,114
Excess (Deficiency) of Revenues Over (Under) Expenditures	150	150	4,632	4,482
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCE	150	150	4,632	4,482
FUND BALANCE, BEGINNING OF YEAR	50,624	50,624	50,624	-
FUND BALANCE, END OF YEAR	$ 50,774	$ 50,774	$ 55,256	$ 4,482

Public Safety Training				Tourism Development			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
$ -	$ -	$ -	$ -	$ 950,000	$ 950,000	$1,070,774	$ 120,774
-	-	-	-	393,450	393,450	265,715	(127,735)
-	-	-	-	-	-	-	-
5,900	5,900	6,332	432	-	-	-	-
50	50	225	175	2,000	2,000	6,385	4,385
-	-	-	-	150	150	1,656	1,506
5,950	5,950	6,557	607	1,345,600	1,345,600	1,344,530	(1,070)
-	-	-	-	1,190,788	1,190,788	1,196,902	(6,114)
3,150	3,150	4,714	(1,564)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	276,193	(276,193)
3,150	3,150	4,714	(1,564)	1,190,788	1,190,788	1,473,095	(282,307)
2,800	2,800	1,843	(957)	154,812	154,812	(128,565)	(283,377)
-	-	-	-	(98,590)	(98,590)	(98,590)	-
-	-	-	-	(98,590)	(98,590)	(98,590)	-
2,800	2,800	1,843	(957)	56,222	56,222	(227,155)	(283,377)
23,549	23,549	23,549	-	902,467	902,467	902,467	-
$ 26,349	$ 26,349	$ 25,392	$ (957)	$ 958,689	$ 958,689	$ 675,312	$ (283,377)

City of Bedford, Texas
Individual Schedules of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Nonmajor Special Revenue Funds – Continued
Year Ended September 30, 2017

	Red Light Cameras			
	Original Budget	Final Budget	Actual	Variance from Budget
REVENUES				
Taxes, penalty and interest	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-
Fines and forfeitures	100,000	100,000	140,563	40,563
Support from governmental entities	-	-	-	-
Interest	-	-	175	175
Miscellaneous	-	-	-	-
Total revenues	100,000	100,000	140,738	40,738
EXPENDITURES				
Current				
Community services	-	-	-	-
Public safety	71,796	71,796	138,331	(66,535)
Administrative services	-	-	-	-
Leisure services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	71,796	71,796	138,331	(66,535)
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,204	28,204	2,407	(25,797)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCE	28,204	28,204	2,407	(25,797)
FUND BALANCE, BEGINNING OF YEAR	12,902	12,902	12,902	-
FUND BALANCE, END OF YEAR	$41,106	$41,106	$15,309	$ (25,797)

Debt Service Fund

Debt Service Fund is used to account for the accumulation of resources for the repayment of long-term debt.

City of Bedford, Texas
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual
Debt Service Fund
Year Ended September 30, 2017

	Budget Amounts		Actual GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes, penalty and interest	$5,242,848	$5,242,848	$5,242,846	$ (2)
Interest	5,000	5,000	18,126	13,126
Total revenues	5,247,848	5,247,848	5,260,972	13,124
EXPENDITURES				
Principal retirement	5,730,000	5,730,000	5,740,000	(10,000)
Interest and fiscal agent fees	905,348	905,348	883,760	21,588
Total expenditures	6,635,348	6,635,348	6,623,760	11,588
Excess (deficiency) of revenues over expenditures	(1,387,500)	(1,387,500)	(1,362,788)	24,712
OTHER FINANCING SOURCES (USES)				
Transfers in	1,391,600	1,391,600	1,391,872	272
NET CHANGES IN FUND BALANCE	4,100	4,100	29,084	24,984
FUND BALANCE, BEGINNING OF YEAR	944,473	944,473	944,473	-
FUND BALANCE, END OF YEAR	$ 948,573	$ 948,573	$ 973,557	$ 24,984

Statistical Section (Unaudited)

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Statistical Section

This part of the City of Bedford's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The tables herein, are unaudited.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time 91

Revenue Capacity

These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes 101

Debt Capacity

These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future 109

Demographic and Economic Information

The schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments 117

Operating Information

The schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs 123

Sources: Unless otherwise noted, the information in these schedules are derived from Comprehensive Annual Financial Reports for the relevant year.

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Financial Trends

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City of Bedford, Texas **Table 1**

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015*	2016**	2017
Governmental Activities										
Net investment in capital assets	$ 14,984,593	$ 15,746,263	$ 15,639,418	$ 18,342,224	$ 18,908,115	$ 14,323,066	$ 10,378,086	$ 12,689,825	$ 16,607,993	$ 16,730,480
Restricted	9,252,835	8,175,954	7,306,010	3,638,843	5,213,292	8,426,186	6,081,351	6,583,532	9,411,339	9,064,137
Unrestricted	11,143,963	6,437,967	6,795,025	4,537,414	1,035,005	(20,696)	5,653,694	(3,086,535)	(3,727,742)	(2,199,969)
Total governmental activities net position	$ 35,381,391	$ 30,360,184	$ 29,740,453	$ 26,518,481	$ 25,156,412	$ 22,728,556	$ 22,113,131	$ 16,186,822	$ 22,291,590	$ 23,594,648
Business-type Activities										
Net investment in capital assets	$ 25,633,370	$ 27,674,312	$ 26,993,812	$ 26,915,595	$ 25,139,719	$ 20,170,192	$ 32,812,435	$ 33,942,144	$ 34,388,626	$ 35,250,028
Restricted	574,491	576,397	576,397	-	-	-	158,872	-	-	6,691
Unrestricted	3,846,498	985,709	1,547,031	3,806,277	7,136,012	11,845,248	5,256,555	4,062,030	4,454,409	5,088,590
Total business-type activities, net position	$ 30,054,359	$ 29,236,418	$ 29,117,240	$ 30,721,872	$ 32,275,731	$ 32,015,440	$ 38,227,862	$ 38,004,174	$ 38,843,035	$ 40,345,309
Primary Government										
Net investment in capital assets	$ 40,617,963	$ 43,420,575	$ 42,633,230	$ 45,257,819	$ 44,047,834	$ 34,493,258	$ 43,190,521	$ 46,631,969	$ 50,996,619	$ 51,980,508
Restricted	9,827,326	8,752,351	7,882,407	3,638,843	5,213,292	8,426,186	6,240,223	6,583,532	9,411,339	9,070,828
Unrestricted	14,990,461	7,423,676	8,342,056	8,343,691	8,171,017	11,824,552	10,910,249	975,495	726,667	2,888,621
Total primary government net position	$ 65,435,750	$ 59,596,602	$ 58,857,693	$ 57,240,353	$ 57,432,143	$ 54,743,996	$ 60,340,993	$ 54,190,996	$ 61,134,625	$ 63,939,957

*Amounts for 2015 were restated from the effects of GASB Statement No. 68

**Amounts for 2016 were restated to reflect the effects of prior period adjustment as described in Note 14.

City of Bedford, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2008	**2009**	**2010**
Expenses			
Governmental activities			
General government and administration	$ 3,824,933	$ 4,184,723	$ 4,117,515
Community services	1,847,222	2,270,248	1,883,752
Public services	10,375,836	8,185,269	9,038,955
Public safety	17,811,789	19,499,698	18,500,766
Leisure services	4,181,914	4,191,990	4,100,548
Interest expense	2,415,600	2,254,217	2,140,046
Total governmental activities expense	40,457,294	40,586,145	39,781,582
Business-type activities			
Water and sewer services	14,178,331	13,999,365	15,094,351
Stormwater collection and disposal	722,489	716,601	731,109
Total business-type activities expenses	14,900,820	14,715,966	15,825,460
Total primary government program expenses	$ 55,358,114	$ 55,302,111	$ 55,607,042
Program Revenues			
Governmental activities			
Charges for services			
General government and administration	$ 123,753	$ 98,178	$ 90,428
Community services	613,936	266,293	405,255
Public services	154,155	180,998	210,354
Public safety	3,868,960	3,314,907	3,472,196
Leisure services	898,200	1,105,972	1,001,728
Operating grants and contributions	666,150	735,473	3,092,958
Capital grants and contributions	-	-	-
Total governmental activities program revenues	6,325,154	5,701,821	8,272,919
Business-type activities			
Charges for services			
Water and sewer services	13,250,970	14,539,710	16,104,703
Stormwater collection and disposal	1,308,828	1,291,800	1,291,249
Capital grants and contributions	300,648	71,486	267,469
Total business-type activities program revenues	14,860,446	15,902,996	17,663,421
Total primary government program revenues	$ 21,185,600	$ 21,604,817	$ 25,936,340

Table 2

Fiscal Year						
2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
$ 3,906,050	$ 4,796,677	$ 4,688,432	$ 5,688,961	$ 5,393,564	$ 5,429,870	$ 5,172,343
1,848,795	1,986,123	2,017,011	1,549,075	1,744,633	1,876,441	1,811,320
8,876,104	8,354,007	3,486,148	3,431,383	3,655,287	5,983,295	5,421,724
18,358,228	17,292,190	22,828,761	23,669,141	22,264,933	20,780,556	22,016,970
4,754,190	3,690,814	3,765,867	3,823,403	4,068,948	4,364,247	5,418,465
2,213,384	2,169,120	1,724,511	1,288,725	1,301,208	932,371	750,473
39,956,751	38,288,931	38,510,730	39,450,688	38,428,573	39,366,781	40,591,295
16,294,807	15,112,250	15,645,261	16,560,909	16,746,182	17,510,256	18,565,424
950,760	1,336,366	1,256,126	926,258	956,824	874,192	873,153
17,245,567	16,448,616	16,901,387	17,487,167	17,703,006	18,384,448	19,438,577
$ 57,202,318	$ 54,737,547	$ 55,412,117	$ 56,937,855	$ 56,131,579	$ 57,751,229	$ 60,029,872
$ 88,135	$ 84,733	$ 76,647	$ 86,874	$ 159,473	$ 91,702	$ 92,875
1,061,313	652,376	358,167	586,449	274,561	310,534	330,216
1,362,564	1,687,163	218,646	261,846	1,111,453	1,102,811	934,551
2,541,942	2,386,756	3,374,638	4,083,939	4,227,029	3,837,145	4,030,313
1,129,453	1,174,702	1,158,956	1,210,305	1,126,884	1,158,145	1,091,945
711,749	599,111	610,603	599,930	61,067	41,653	24,828
1,695,184	44,102	-	93,556	79,783	135,258	511,184
8,590,340	6,628,943	5,797,657	6,922,899	7,040,250	6,677,248	7,015,912
19,811,255	18,915,135	17,908,621	18,607,795	19,102,535	20,267,092	20,995,798
1,290,285	1,291,856	1,290,624	1,312,932	1,302,656	1,303,734	1,660,438
26,446	147,360	-	6,263,044	325,496	162,647	625,677
21,127,986	20,354,351	19,199,245	26,183,771	20,730,687	21,733,473	23,281,913
$ 29,718,326	$ 26,983,294	$ 24,996,902	$ 33,106,670	$ 27,770,937	$ 28,410,721	$ 30,297,825

City of Bedford, Texas
Changes in Net Position – Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year		
	2008	**2009**	**2010**
Net (Expense) Revenues			
Governmental activities	$ (34,132,140)	$(34,884,324)	$(31,508,663)
Business-type activities	(40,374)	1,187,030	1,837,961
Total primary government net expense	(34,172,514)	(33,697,294)	(29,670,702)
General Revenues and Other Changes in Net Position			
Governmental activities			
Taxes			
Property	13,227,183	13,486,685	13,714,212
Sales	9,691,349	9,360,239	9,531,017
Franchise and occupancy	3,195,320	3,407,455	3,278,385
Other	866,468	753,160	869,071
Unrestricted grants and contributions	33,737	35,973	34,631
Investment earnings	793,585	344,023	151,108
Miscellaneous	407,004	423,658	229,001
Transfers	2,033,117	2,051,924	2,086,467
Total governmental activities	30,247,763	29,863,117	29,893,892
Business-type activities			
Investment earnings	226,378	46,935	17,046
Miscellaneous	-	-	112,282
Transfers	(2,033,117)	(2,051,924)	(2,086,467)
Total business-type activities	(1,806,739)	(2,004,989)	(1,957,139)
Total primary government	28,441,024	27,858,128	27,936,753
Change in Net Position			
Government activities	(3,884,377)	(5,021,207)	(1,614,771)
Business-type activities	(1,847,113)	(817,959)	(119,178)
Total primary government	$ (5,731,490)	$ (5,839,166)	$ (1,733,949)

Table 2

Fiscal Year						
2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
$(31,366,411)	$(31,659,988)	$(32,713,073)	$(32,527,789)	$(31,388,323)	$(32,689,533)	$ (33,575,383)
3,882,419	3,905,735	2,297,858	8,696,604	3,027,681	3,349,025	3,843,336
(27,483,992)	(27,754,253)	(30,415,215)	(23,831,185)	(28,360,642)	(29,340,508)	(29,732,047)
13,968,871	13,735,255	14,488,399	14,297,275	14,543,198	15,507,727	16,273,095
9,060,295	9,363,047	9,629,427	9,985,658	11,048,748	10,787,539	10,905,398
3,405,709	3,325,941	3,338,307	3,584,311	3,555,243	3,432,957	3,331,500
919,452	875,838	901,956	1,028,447	1,236,319	1,358,741	1,070,774
34,355	-	-	-	-	-	231,388
131,541	26,459	33,521	43,393	45,552	86,353	227,800
451,896	594,715	535,474	466,677	425,314	4,526,458	140,792
2,336,631	2,376,664	2,414,451	2,506,603	2,479,790	2,644,416	2,697,694
30,308,750	30,297,919	31,341,535	31,912,364	33,334,164	38,344,191	34,878,441
55,527	21,051	47,321	22,421	14,955	174,144	356,632
3,317	3,734	11,406	-	-	(39,892)	-
(2,336,631)	(2,376,664)	(2,414,451)	(2,506,603)	(2,479,790)	(2,644,416)	(2,697,694)
(2,277,787)	(2,351,879)	(2,355,724)	(2,484,182)	(2,464,835)	(2,510,164)	(2,341,062)
28,030,963	27,946,040	28,985,811	29,428,182	30,869,329	35,834,027	32,537,379
(1,057,661)	(1,362,069)	(1,371,538)	(615,425)	1,945,841	5,654,658	1,303,058
1,604,632	1,553,856	(57,866)	6,212,422	562,846	838,861	1,502,274
$ 546,971	$ 191,787	$ (1,429,404)	$ 5,596,997	$ 2,508,687	$ 6,493,519	$ 2,805,332

City of Bedford, Texas **Table 3**

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved/nonspendable	$ 445,045	$ 431,320	$ 336,227	$ 326,807	$ 360,284	$ 357,761	$ 724,210	$ 326,676	$ 236,097	$ 30,104
Restricted	-	-	-	-	-	-	478,872	-	35,464	35,464
Assigned	-	-	-	-	-	-	-	-	140,000	-
Committed - special projects	-	-	-	-	-	-	-	-	4,486,890	-
Unassigned	9,225,455	7,258,376	5,666,237	4,087,163	4,764,530	5,751,658	6,172,841	7,199,906	7,437,211	11,873,958
Total general fund	$ 9,670,500	$ 7,689,696	$ 6,002,464	$ 4,413,970	$ 5,124,814	$ 6,109,419	$ 7,375,923	$ 7,526,582	$ 12,335,662	$ 11,939,526
All Other Governmental Funds										
Reserved/nonspendable	$ 1,290,684	$ 1,247,939	$ 1,240,869	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for										
Debt service	-	-	-	1,219,755	1,108,669	1,060,593	977,409	936,907	944,473	973,557
Street and drainage improvements	-	-	-	1,815,920	1,824,024	1,832,971	1,839,601	1,848,957	2,274,285	2,392,382
Capital acquisition and construction	-	-	-	3,254,958	1,830,699	3,274,169	7,015,936	3,207,349	1,184,007	828,271
Economic development	-	-	-	1,183,613	1,501,475	1,903,735	2,697,890	3,713,371	4,515,434	4,465,576
Public safety	-	-	-	625,514	308,698	248,091	284,840	277,111	279,938	210,675
Parks and beautification	-	-	-	83,481	505,923	715,438	982,540	1,234,435	109,323	120,624
Other	-	-	-	52,482	54,960	48,909	75,590	95,032	68,415	68,215
Assigned										
Unreserved, reported in										
Special revenue funds	3,763,105	3,564,887	2,781,166	-	-	-	-	-	-	-
Capital projects	4,199,046	3,363,128	3,057,292	-	-	-	-	-	-	-
Unassigned	-	-	-	(204,412)	-	-	-	-	-	-
Total all other governmental funds	$ 9,252,835	$ 8,175,954	$ 7,079,327	$ 8,031,311	$ 7,134,448	$ 9,083,906	$ 13,873,806	$ 11,313,162	$ 9,375,875	$ 9,059,300

City of Bedford, Texas **Table 4**

Changes in Fund Bal of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes, penalties and interest	$ 26,844,636	$ 26,881,888	$ 27,283,735	$ 27,322,766	$ 27,950,618	$ 28,278,856	$ 29,072,928	$ 30,729,516	$ 30,859,702	$ 31,805,280
Licenses and permits	802,498	614,126	710,722	521,463	863,709	456,761	628,484	871,081	692,700	1,056,327
Charges for services	2,579,188	2,725,039	2,522,870	2,817,269	2,822,239	3,097,437	3,177,429	3,591,135	3,959,448	3,332,863
Fines and forfeitures	1,353,458	1,515,851	1,920,400	2,109,088	2,078,895	1,502,737	2,220,906	1,949,006	1,660,311	1,742,325
Support from governmental entities	752,157	923,368	3,034,152	2,329,053	654,732	661,413	689,840	647,946	365,533	694,134
Interest	793,585	344,023	151,108	131,541	26,459	33,521	43,393	45,552	86,353	227,800
Miscellaneous	705,769	396,980	300,394	577,387	557,599	622,819	425,913	486,410	4,792,905	223,805
Total revenues	33,831,291	33,401,275	35,923,381	35,808,567	34,954,251	34,653,544	36,258,893	38,320,646	42,416,952	39,082,534
Expenditures										
General government	1,884,640	1,865,968	1,881,419	1,637,817	1,574,751	1,627,934	1,791,511	2,229,137	2,005,931	2,335,285
Community services	1,741,022	2,113,053	1,814,002	1,780,483	1,912,686	1,953,414	1,488,981	1,682,326	1,806,262	1,744,784
Public services	5,165,407	2,808,318	3,678,797	3,497,327	2,708,419	2,457,948	2,452,901	2,622,977	3,263,538	2,937,472
Administrative services	1,810,273	1,837,426	1,946,935	1,903,157	2,081,900	1,946,533	2,261,952	2,057,540	2,194,218	2,659,858
Public safety	16,444,533	17,179,678	17,144,215	16,986,248	16,126,751	16,797,850	18,051,735	18,346,405	19,383,973	20,243,699
Leisure services	3,538,133	3,605,545	3,666,662	3,782,933	3,661,546	3,751,588	3,804,071	4,046,351	4,290,997	4,306,461
Capital outlay	4,677,674	2,793,519	9,192,117	5,272,761	2,281,440	1,243,851	2,114,252	5,154,812	2,943,455	2,917,962
Debt service										
Interest and fiscal agent fees	2,326,809	2,168,905	2,047,707	2,265,090	1,921,115	1,689,615	1,462,845	1,358,233	1,119,668	912,214
Principal retirement	4,110,000	4,245,000	4,405,000	4,610,000	5,186,621	5,066,888	5,268,055	5,775,675	5,698,767	5,914,341
Bond issuance costs	-	-	-	-	-	72,818	96,476	-	-	-
Total expenditures	41,698,491	38,617,412	45,776,854	41,735,816	37,455,229	36,608,439	38,792,779	43,273,456	42,706,809	43,972,076

City of Bedford, Texas **Table 4 (Continued)**

Fund Balances of Governmental Funds – Continued
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (Deficiency) of Revenues Over Expenditures	$ (7,867,200)	$ (5,216,137)	$ (9,853,473)	$ (5,927,249)	$ (2,500,978)	$ (1,954,895)	$ (2,533,886)	$ (4,952,810)	$ (289,857)	$ (4,889,542)
Other Financing Sources (Uses)										
Issuance of debt	4,002,129	-	4,885,000	6,115,000	-	5,375,000	5,500,000		-	1,105,000
Lease purchase proceeds	-	-	-	-	339,011	228,370	221,936	-	-	323,221
Proceeds from sale of capital assets	26,972	5,265	43,152	44,797	219,723	77	40,764	35,550	11,489	8,329
Premium on debt	-	-	-	97,085	-	75,085	61,948	-	-	-
Payments to escrow account	-	-	-	(3,313,090)	-	(3,682,267)	-	-	-	-
Insurance proceeds	-	101,263	55,023	10,288	41,100	45,073	30,669	27,485	55,635	42,587
Transfers in	3,638,901	3,648,823	4,803,148	3,909,807	3,863,681	3,896,716	3,999,750	3,956,299	4,658,149	4,218,256
Transfers out	(1,605,784)	(1,596,899)	(2,616,681)	(1,573,176)	1,487,017	(1,482,265)	(1,493,147)	(1,476,509)	(2,013,733)	(1,520,562)
Total other financing sources (uses)	6,062,218	2,158,452	7,169,642	5,290,711	5,950,532	4,455,789	8,361,920	2,542,825	2,711,540	4,176,831
Net Change in Fund Balances	$ (1,804,982)	$ (3,057,685)	$ (2,683,831)	$ (636,538)	$ 3,449,554	$ 2,500,894	$ 5,828,034	$ (2,409,985)	$ 2,421,683	$ (712,711)
Debt Service as a Percentage of Noncapital Expenditures	17.4%	17.9%	17.6%	18.9%	20.2%	19.3%	18.6%	18.7%	17.1%	17.3%

Revenue Capacity

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City of Bedford, Texas **Table 5**

Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years

Fiscal Years Ended	Ad Valorem	Hotel/Motel	Franchise	Sales and Other	Total
2008	$ 13,227,183	$ 665,255	$ 3,195,320	$ 9,691,349	$ 26,562,302
2009	13,486,685	434,495	3,407,455	9,360,239	26,661,297
2010	13,714,212	557,129	3,278,385	9,531,017	27,060,530
2011	13,968,871	663,291	3,405,709	9,060,295	27,098,166
2012	13,735,255	723,745	3,325,941	9,363,047	27,147,988
2013	14,488,399	749,612	3,338,307	9,629,427	28,129,068
2014	14,297,275	840,119	3,584,311	9,985,658	28,884,962
2015	14,543,198	1,027,473	3,555,243	11,048,748	30,174,662
2016	15,507,727	1,123,421	3,432,957	11,022,859	31,086,964
2017	16,266,220	1,070,774	3,331,500	11,136,786	31,805,280

City of Bedford, Texas **Table 6**

Water Revenue
Last Ten Fiscal Years

Fiscal Year	Number of Customers	Gallons Billed (000's)	Water Revenue	Revenue Per Customer	Revenue Per 1,000 Gallons
2008	23,113	2,804,199	$ 8,460,437	$ 366	$ 3.02
2009	23,100	2,667,852	9,245,489	400	3.47
2010	23,085	2,486,470	10,038,233	435	4.04
2011	23,090	2,945,337	12,673,013	549	4.30
2012	23,035	2,674,949	12,185,112	529	4.56
2013	23,018	2,511,415	11,834,377	514	4.71
2014	23,041	2,337,171	11,855,648	515	5.07
2015	23,116	2,235,456	12,309,854	533	5.51
2016	23,172	2,355,706	12,806,549	553	5.44
2017	23,216	2,282,073	13,165,148	567	5.77

City of Bedford, Texas **Table 7**

Principal Water Customers
Fiscal Year Ended September 30, 2017

Customer Name	Gallons Consumed (000's)	Percent Total	Amount Billed	Total Percent
Walden Residential Property Apartments	45,035	1.97%	$ 209,058	1.59%
Texas Health Resources-HEB Hospital	42,498	1.86%	189,930	1.44%
City of Bedford	33,594	1.47%	181,656	1.38%
Colonial Village @ Willow Creek	23,932	1.05%	119,732	0.91%
Colonial Village @ Shoal Creek	23,189	1.02%	117,735	0.89%
Kensington Station Apts.	23,039	1.01%	94,983	0.72%
1611 Oak Creek Lance, LP (Oak Creek Apt)	21,346	0.94%	95,377	0.72%
The Reserve at Central Park	20,615	0.90%	95,470	0.73%
Pecan Creek Apartments	17,090	0.75%	78,469	0.60%
Amherst Apartments - 2007 Amherst LP	16,239	0.71%	70,384	0.53%
Top Ten Total	266,577	11.68%	1,252,796	9.52%
City Total	2,282,073	100.00%	$ 13,165,148	100.00%

City of Bedford, Texas **Table 8**

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Appraised Value	Less: Tax-exempt Property	Net Taxable Value	Total Direct Tax Rate	Estimated Net Taxable Value
2008	$2,842,614,223	$ 196,258,668	$ 3,038,872,891	$ 241,756,607	$ 2,797,116,284	0.4468820	$ 2,797,116,284
2009	3,087,588,896	191,415,397	2,379,004,293	365,023,177	2,913,981,116	0.4468820	2,913,981,116
2010	3,091,012,419	190,186,408	3,281,198,827	346,224,096	2,934,974,731	0.4633480	2,934,974,731
2011	2,986,569,350	179,267,541	3,165,836,891	363,395,164	2,802,441,727	0.4916090	2,802,441,727
*2012	3,095,960,546	168,619,714	3,264,580,260	387,551,829	2,877,028,431	0.5043290	2,877,028,431
2013	3,235,990,575	159,315,402	3,395,305,977	429,317,650	2,965,988,327	0.4991150	2,970,991,006
2014	3,202,304,589	161,052,296	3,363,356,885	402,262,501	2,961,094,384	0.4948303	2,961,094,384
2015	3,372,021,008	165,181,254	3,537,202,262	449,152,253	3,088,050,009	0.4948303	3,121,183,647
2016	3,359,873,966	168,488,758	3,528,362,724	451,210,531	3,077,152,193	0.4948303	3,192,632,438
2017	3,683,978,396	169,722,606	3,853,701,002	463,425,828	3,390,275,174	0.4765090	3,566,086,055

Source: Tarrant Appraisal District (Reports)

*Note: Net Taxable Value and Estimated Net Taxable Value Columns are based on the July Certified Appraisal roles with the exception of 2012. 2012 Total Taxable Assessed Value and Estimated Actual Taxable Value columns are based on the September Certified Appraisal roles due to the timing of re-evaluation of properties. If the July role would have been used, the taxable value would have been materially understated.

City of Bedford, Texas **Table 9**

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2017 Taxable Assessed Value	2017	2017 Percentage of Total City Taxable Assessed Value	2008 Taxable Assessed Value	2008	2008 Percentage of Total City Taxable Assessed Value
CMF 15 Portfolio LLC	$ 105,960,000	1	2.97%	$ -		
SOF Woods of Bedford Owners LP	45,000,000	2	1.26%	-		
Bedford Oak Creek LLC	38,000,000	3	1.07%	-		
Stanton Road Capital LLC	30,063,164	4	0.84%	-		
Point Loma Woods Dallas LLC	26,180,000	5	0.73%	17,368,528	7	0.62%
Allmark Central Park LP	25,069,378	6	0.70%	-		
SOF Meadows of Bedford I Owners LP	20,700,000	7	0.58%	-		
Arbors of Central Park ICG LLC	20,400,000	8	0.57%	-		
Oncor Electric Delivery CO LLC	20,055,630	9	0.56%	22,298,840	5	0.80%
HB Property Owner 3 LP	19,990,000	10	0.56%	-		
CRLP Central Park/Airport	-			72,258,661	1	2.58%
Wal-Mart Stores, Inc.	-			27,830,670	2	0.99%
121 Airport Centre II LP	-			27,743,420	3	0.99%
CRP/TBG Forestwood LP	-			27,100,000	4	0.97%
Southwestern Bell Mobile Systems	-			21,099,105	6	0.75%
ML CASA III LP				13,640,810	8	0.49%
WDOP SUB II LP	-			13,373,808	9	0.48%
Newkirk Texford LP	-			12,657,600	10	0.45%
Total	$ 351,418,172		9.85%	$ 255,371,442		9.13%
Total Taxable Assessed Value	$ 3,566,086,055			$ 2,797,116,284		

City of Bedford, Texas **Table 10**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 13,032,220	$ 12,951,575	99.38%	$ 71,900	$ 13,023,475	99.93%
2009	13,584,386	13,334,703	98.16%	48,001	13,382,704	98.52%
2010	13,688,110	13,566,375	99.11%	55,547	13,621,922	99.52%
2011	13,897,299	13,799,107	99.29%	93,693	13,892,800	99.97%
2012	14,374,422	14,201,336	98.80%	63,934	14,265,271	99.24%
2013	14,437,257	14,263,591	98.80%	51,369	14,314,960	99.15%
2014	14,524,393	14,414,247	99.24%	15,728	14,429,974	99.35%
2015	15,079,653	14,817,417	98.26%	33,488	14,850,904	98.48%
2016	15,294,958	15,244,866	99.67%	18,242	15,263,108	99.79%
2017	16,266,337	16,194,415	99.56%	18,080	16,212,495	99.67%

Source: Tarrant County Tax Office (YTD Summary - Part C)

Debt Capacity

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City of Bedford, Texas **Table 11**

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					Business-Type Activities					
Fiscal Year	General Obligation Bonds	Contractual Obligations	Certificates of Obligation	Tax Notes	Capital Leases	Water Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Total Primary Government	Percentage of Personal Income	Per Capita
2008	$ 50,635,000	$ 360,000	$ -	$720,000	$ -	$3,760,000	$ 820,000	$4,790,000	$61,085,000	3.85%	1,235
2009	46,740,000	180,000	-	550,000	-	2,580,000	390,000	4,625,000	55,065,000	3.44%	1,128
2010	47,575,000	-	-	375,000	-	3,395,000	-	6,490,000	57,835,000	3.68%	1,231
2011	43,580,000	-	2,440,000	190,000	-	4,150,000	-	10,810,000	61,170,000	3.77%	1,302
2012	38,738,000	-	2,285,000	-	339,000	-	4,510,000	9,832,000	55,704,000	3.39%	1,185
2013	35,680,000	-	2,120,000	-	478,872	-	3,945,000	14,330,000	56,553,872	3.50%	1,164
*2014	34,926,852	2,309,788	1,977,498	-	395,817	-	3,703,018	13,756,004	57,068,977	3.32%	1,171
2015	29,462,886	2,098,809	1,805,970	-	310,142	-	3,395,766	13,097,194	50,170,767	2.83%	1,023
2016	24,083,919	1,882,830	1,634,443	-	221,375	-	3,078,513	41,798,385	72,699,466	4.00%	1,479
2017	18,809,953	1,661,852	1,452,915	885,000	370,255		2,751,261	40,459,576	66,390,811	3.64%	1,348

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Personal income and population information can be found in Table 16
*Beginning Fiscal Year 2014, balances are net of bond premium/discounts.

City of Bedford, Texas **Table 12**

Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding: Gross Bonded Debt	Less Debt Service	Less Debt Payable from Enterprise	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2008	$ 61,085,000	$ 1,290,684	$ 5,610,000	$ 54,184,316	1.94%	1,096
2009	55,065,000	1,247,939	5,015,000	48,802,061	1.67%	982
2010	57,835,000	1,240,869	6,490,000	50,104,131	1.71%	1,003
2011	61,170,000	1,219,755	13,340,000	46,610,245	1.66%	992
2012	55,704,000	1,108,669	12,725,000	41,870,331	1.46%	891
2013	56,553,872	1,070,702	12,075,000	43,408,170	1.46%	894
2014	57,068,977	977,409	17,459,022	38,632,546	1.30%	793
2015	50,170,767	936,908	16,492,960	32,740,899	1.05%	667
2016	72,699,466	944,475	44,876,898	26,878,093	0.84%	547
2017	66,390,811	973,557	43,210,837	22,206,417	0.62%	451

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Property value data can be found in Table 8
Population data can be found in Table 16

City of Bedford, Texas **Table 13**

Direct and Overlapping
Governmental Activities Debt
September 30, 2017

Taxing Jurisdiction	Taxable Assessed Value (000's) 2016/2017	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Direct and Overlapping Debt
Hurst-Euless-Bedford Independent School District	$ 10,254,609	$ 268,469,425	33.77%	$ 90,662,125
Tarrant County	143,208,842	324,065,000	2.42%	7,842,373
Tarrant County College District	143,670,377	-	2.42%	-
Tarrant County Hospital District	143,381,710	39,500,000	2.42%	955,900
Subtotal overlapping debt		632,034,425		99,460,398
City of Bedford	3,390,275	23,179,974	100.00%	23,179,974
Total direct and overlapping debt		$ 655,214,399		$ 122,640,372

Source: Debt outstanding data provided by each governmental unit or obtained from Municipal Advisory Council of Texas

*The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

City of Bedford, Texas **Table 14**

Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Total taxable assessed value (AV)	Debt limit 2.5% of Assessed Value (AV)	Total Net Debt Applicable to the Limit	Legal Debt Margin	Total net debt applicable to the limit as a % of Taxable AV	% of Debt Limit Available
2008	$ 2,797,116,284	$ 69,927,907	$ 57,325,000	$ 12,602,907	2.0%	18.0%
2009	2,913,981,116	72,849,528	52,485,000	20,364,528	1.8%	28.0%
2010	2,934,974,731	73,374,368	54,440,000	18,934,368	1.9%	25.8%
2011	2,802,441,727	70,061,043	57,020,000	13,041,043	2.0%	18.6%
2012	2,877,028,431	71,925,711	55,365,000	16,560,711	1.9%	23.0%
2013	2,965,988,327	74,149,708	56,075,000	18,074,708	1.9%	24.4%
2014	2,961,094,384	74,027,360	56,673,160	17,354,200	1.9%	23.4%
2015	3,121,183,647	78,029,591	49,860,625	28,168,966	1.6%	36.1%
2016	3,077,152,193	76,928,805	72,478,091	4,450,714	2.4%	5.8%
2017	3,390,275,174	84,756,879	66,020,556	18,736,323	1.9%	22.1%

*Note: The City of Bedford does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 provide that a maximum tax rate of $2.50 per $100 assessed valuation may be imposed for any one year. Additionally, no debt shall be created by any city, unless at the same time provision be made to assess and collect annually a sufficient sum to pay the interest thereon and creating an interest and sinking fund of at least 2 percent thereon...

Although Section 6.01 of the Bedford City Charter states a maximum tax rate of $1.50 per $100 assessed valuation, this particular table will address the City of Bedford's legal debt limit by using Article XI, Section 5 of the State Constitution because the City does not officially have a legal debt limit for general obligation bonds as well as certificate of obligations

City of Bedford, Texas **Table 15**

Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year	Water Revenue Bonds: Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Revenue Bond Coverage	Average Annual Debt Service	Average Requirements
	2008	$ 13,451,782	$ 12,620,031	$ 831,751	$ 240,000	$ 187,049	1.95	$ 287,053	2.90
	2009	14,539,710	12,539,272	2,000,438	180,000	176,895	5.61	286,163	7.06
	2010	16,104,703	13,531,696	2,573,007	185,000	167,908	7.29	283,163	9.09
	2011	19,811,255	14,552,568	5,258,687	195,000	158,533	2.95	316,165	16.63
*	2012	18,915,135	13,473,986	5,441,149	-	-	-	-	-
	2013	17,908,621	13,900,489	4,008,132	-	-	-	-	-
	2014	18,607,795	14,575,557	4,032,238	-	-	-	-	-
	2015	19,102,535	14,623,282	4,479,253	-	-	-	-	-
	2016	20,267,092	14,853,564	5,413,528	-	-	-	-	-
	2017	20,995,798	15,753,352	5,242,446	-	-	-	-	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Operating expenses do not include interest, depreciation, or amortization expenses.

* 2012 - Annual Debt Service Variance is due to the city refunded its 1998 and 2002 revenue bonds, so no longer own revenue bonds which impact the calculation.

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Demographic and Economic Information

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City of Bedford, Texas **Table 16**

Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population	(000's) Personal Income	Per Capita Personal Income	Average Household Income	Median Age	School Enrollment	Unemployment Rate
2008	49,450	$ 1,587,543	$ 32,104	$ 75,508	38	21,000	3.6%
2009	49,700	1,628,073	32,758	76,000	38	20,653	6.0%
2010	49,979	1,673,647	33,487	81,109	39	50,537	6.8%
2011	46,979	1,620,682	34,498	75,462	34	20,898	6.8%
2012	47,001	1,641,557	34,926	61,584	40	20,762	5.2%
2013	48,566	1,615,499	33,264	78,521	40	21,814	5.3%
2014	48,721	1,719,705	35,297	78,372	41	22,138	4.7%
2015	49,054	1,773,155	36,147	80,275	41	22,180	4.6%
2016	49,151	1,819,154	37,001	82,240	41	22,762	3.6%
2017	49,234	1,824,415	37,056	82,321	41	23,090	3.2%

Sources: Population: North Central Texas Council of Governments (NCTOG)
Per Capita Personal Income and Average Household Income: Alteryx
Median Age and Unemployment Rate: Alteryx
School Enrollment: HEB ISD/About/Quick Facts
Unemployment Rate: Texas Labor Market and Career Information (TWC)

City of Bedford, Texas **Table 17**

Principal Employers
Current Year and Nine Years Ago

Employer	2017 Employees	2017 Percentage of Total City Employment	2008 Employees	2008 Percentage of Total City Employment
Texas Health Resources	1,550	5.22%	1,600	5.20%
Carter Blood Care	872	2.94%	600	1.95%
Warrantech	473	1.59%	550	1.79%
State National Companies	394	1.33%		-
Wal-Mart Supercenter	389	1.31%	318	1.03%
City of Bedford	358	1.21%	365	1.19%
Stericycle (aka Beryl Companies)	345	1.16%	250	0.81%
Daystar Television Network	288	0.97%		-
HEB ISD (Administrative Office)	251	0.85%	2,500	0.08
Grubb's Nissan	142	0.48%	155	0.50%
Citigroup	-	-	540	1.76%
Albertson's	-	-	155	0.50%
	29,695	17.05%	30,749	22.87%

Sources:
Information comes from City of Bedford, Economic Development Department - Demographics data
Total City Employment information can be found Texas Workfoce Commission Website via
via (http://www.tracer2.com/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE) - this link only giv

City of Bedford, Texas **Table 18**

Direct and Overlapping Tax Rates
Last Ten Fiscal Years

	City Direct Rates			Overlapping Rates			
Fiscal Year	Operating / General Rate	General Obligation Debt Service	Total Direct Rate	Hurst-Euless-Bedford ISD	Tarrant County	Tarrant County Hospital District	Tarrant County Community College
2008	0.297623	0.149259	0.446882	1.3004	0.2665	0.2304	0.1394
2009	0.285847	0.161035	0.446882	1.2950	0.2640	0.2279	0.1380
2010	0.299096	0.164252	0.463348	1.2955	0.2640	0.2280	0.1377
2011	0.309075	0.182534	0.491609	1.2882	0.2640	0.2279	0.1376
2012	0.311257	0.193072	0.504329	1.4140	0.2640	0.2279	0.1490
2013	0.306043	0.193072	0.499115	1.4075	0.2640	0.2279	0.1490
2014	0.303214	0.191616	0.494830	1.3875	0.2640	0.2279	0.1495
2015	0.289907	0.204923	0.494830	1.3750	0.2640	0.2279	0.1495
2016	0.299332	0.195498	0.494830	1.3500	0.2640	0.2279	0.1495
2017	0.303747	0.172762	0.476509	1.3160	0.2540	0.2279	0.1447

Sources: City of Bedford Budget Office, Tarrant Appraisal District

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Operating Information

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City of Bedford, Texas **Table 19**

Full-time Equivalent City Governmental Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Management and Communication	8.0	8.0	6.0	6.0	6.0	6.0	7.5	7.5	9.5	9.5
Finance	14.0	14.0	13.0	12.0	12.0	12.5	11.5	11.5	11.5	11.5
Municipal Court and Teen Court	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Development and Planning	13.5	15.0	18.0	12.8	12.8	6.0	6.0	6.0	6.0	6.0
Library	16.4	16.4	16.4	16.4	17.2	19.7	19.6	19.6	19.5	19.5
Support Services	7.0	7.0	7.0	11.0	11.0	10.0	11.0	11.0	22.0	23.0
Police										
Officers	82.0	82.0	83.0	86.3	84.3	80.0	80.0	80.0	81.0	80.0
Civilians	47.0	47.0	51.7	48.6	49.6	55.0	53.0	56.0	57.0	56.0
Animal Control	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Fire										
Firefighters and Officers	64.0	64.0	64.0	64.0	64.0	63.0	63.0	63.0	63.0	63.0
Civilians	2.0	2.0	2.0	2.0	2.0	8.0	8.0	9.0	10.0	10.0
Parks and Recreation										
Management and Communication	-	-	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks and Recreation	42.8	42.8	41.3	37.8	36.4	37.5	37.6	37.1	39.1	39.4
Senior Citizens Center	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5
Tourism and Special Events	-	-	-	3.5	3.5	4.4	4.5	5.5	6.0	6.0
Public works										
Engineering	5.0	5.0	6.1	6.0	6.0	5.5	5.5	8.0	8.0	8.0
Water	12.6	12.6	12.0	15.0	13.0	13.8	12.5	12.5	13.3	14.3
Wastewater	10.0	10.0	10.0	8.0	7.0	7.0	7.5	7.5	7.5	7.5
Stormwater	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Streets	11.0	11.0	11.0	10.0	11.0	10.0	10.0	10.0	10.0	10.0
*Fleet Maintenance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	-	-
Total	365.3	366.8	372.5	370.4	367.2	369.7	368.6	375.6	390.8	391.1

Source: City Finance - Position Control Report

*2016 - Fleet Maintenance moved from Public Works to Support Services (5.0 FTE)

*2017 - Inspections moved from Fire Department to Development and Planning (7.0 FTE)

City of Bedford, Texas **Table 20**

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program by Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Inspections										
Residential & Commercial Permits Issued	4,925	917	762	800	995	761	778	535	650	843
Estimated Value	23,921,329	15,326,556	27,144,564	10,216,130	44,479,341	19,951,220	29,646,601	37,315,837	29,813,302	52,625,480
Police										
Physical Arrests	2,986	2,368	2,607	3,490	3,285	2,715	2,534	1,982	1,992	2,275
Parking Violations	4,115	91	114	150	207	135	47	90	229	108
Traffic Violations	14,664	11,225	14,740	15,945	15,929	11,848	19,807	16,056	10,898	12,512
Fire										
Emergency Responses	7,345	7,291	7,312	7,550	8,218	8,114	8,155	8,042	8,431	8,070
Patients Transported	2,474	2,478	2,462	2,628	2,989	3,015	3,038	3,198	3,118	3,000
Fires Extinguished	206	132	88	145	90	103	106	199	115	90
Inspections	2,480	2,189	2,705	2,438	2,901	2,835	3,096	3,152	3,366	3,050
Culture and Recreation										
Parks and Recreation:										
Athletic League Spring Team	15	42	39	12	8	-	-	-	-	-
Athletic League Fall Team	16	13	13	10	-	-	-	-	-	-
Community Center Registration	3,562	4,154	3,666	3,633	3,945	4,040	4,112	4,795	4,483	3,994
Annual Recreation Revenue	209,346	268,871	267,648	281,047	306,587	289,285	332,189	508,903	511,242	489,555
Library										
Population Service	49,450	49,700	49,700	49,700	46,979	48,566	48,721	49,054	49,151	49,234
Number of Library Visits	252,319	271,764	256,674	265,674	279,991	252,506	244,388	221,177	219,543	214,899
Volumes in Collection	101,935	101,179	99,104	90,602	101,395	112,644	118,095	114,573	149,071	143,007
Total Volumes Borrowed	496,144	511,186	252,401	525,401	552,737	579,572	584,917	567,290	545,126	632,599
Turnover Rate	0	0	0	6	5	5	5	4	3	4
Total Operating Expenditures	1,015,766	1,037,121	1,141,421	1,141,421	1,119,609	1,249,419	1,309,275	1,320,502	1,457,919	1,487,263
Cost Per Population Served	21	21	23	23	24	26	27	27	30	30
Total Paid Staff (FTE)	16	16	16	16	16	20	20	19	19	19
Public Works										
Street Repair - Asphalt sq. yard	1,494	2,150	3,055	40,988	36,004	21,850	26,425	27,186	60,935	37,977
Street Repair - Concrete sq. yard	73	311	602	22,661	3,693	3,655	311	6,216	19,623	3,524
Sidewalk Installation/Repairs - sq. feet	22,483	32,913	4,947	1,684	10,503	5,630	5,950	6,500	9,255	1,383
Water and Sewer										
New Connections - Water	127	(23)	(31)	36	5	(14)	23	75	57	44
New Connections - Sewer	3	27	(14)	63	(7)	6	(4)	51	63	49
Water Main Breaks	20	21	24	39	67	46	46	62	31	16
Stated in Thousands of Gallons:										
Average Daily Consumption	8,592	8,194	7,600	8,988	7,329	6,881	6,403	6,125	6,810	6,252
Peak Daily Consumption	16,476	14,168	12,932	16,232	12,375	10,141	9,588	14,133	13,136	11,840

Source: Various City Departments

City of Bedford, Texas **Table 21**

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	9	15	15	15	17	17	17	17	22
Other Units: CID-SWAT-PSO	47	47	58	58	58	50	59	63	65	77
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Equipment Units	5	5	5	5	5	5	5	5	5	5
EMS Units	4	4	4	4	4	4	4	4	5	5
Other Units	11	11	11	11	11	11	11	11	11	11
Regional Grant Units - Homeland Security	11	11	11	11	11	-	-	-	2	2
Other Public Works										
Streets (Miles)	460	460	460	460	460	455	456	456	456	460
Streetlights	1,735	1,737	1,738	1,738	1,738	1,738	1,738	1,738	1,751	1,753
Traffic Signals	24	24	24	24	24	25	25	26	26	26
Parks and Recreation										
Park Acreage	150	150	150	150	150	150	150	155	155	155
Playgrounds	17	17	17	17	17	17	17	16	16	16
Swimming Pools	3	3	3	3	3	4	4	4	4	4
Soccer/Baseball/Softball Fields	6	6	6	6	6	11	11	11	11	11
Community Centers	3	3	3	3	3	3	3	3	3	3
Water										
Water Mains (Miles)	147	147	147	147	147	148	149	165	167	192
Fire Hydrants[a]	1,425	1,425	1,425	1,425	1,425	1,425	1,800	1,800	1,802	1,818
Storage Capacity										
(One Ground Well - 250,000 gallons)	6,225	6,225	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250
(Elevated Storage - 5 million gallons)										
Stormwater										
Storm Sewers (Miles)	91	91	91	91	91	92	92	93	173	198

Source: Various City Departments